



**VANDERCOOK LAKE PUBLIC SCHOOLS**

**REPORT ON FINANCIAL STATEMENTS**  
**(With required supplementary and additional information)**

**JUNE 30, 2008**

# VANDERCOOK LAKE PUBLIC SCHOOLS

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## **INDEPENDENT AUDITOR'S REPORT**

# MARKOWSKI & COMPANY

## CERTIFIED PUBLIC ACCOUNTANTS

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SCOTT O. McLANE

RANDALL D. BIDDIX, C.P.A.

### RETIRED PARTNER:

K. LAVERNE MARKOWSKI, C.P.A. (1961-2006)

## INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, major funds, and the aggregate remaining fund information of **Vandercook Lake Public Schools** (the District), as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

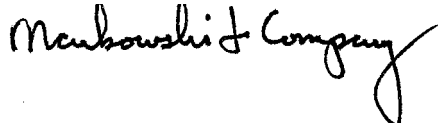
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Vandercook Lake Public Schools as of June 30, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2008 on our consideration of Vandercook Lake Public Schools' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information presented on pages 3 through 9 and page 32 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise Vandercook Lake Public School's basic financial statements. The accompanying other additional information is presented for the purpose of additional analysis and is not a required part of the financial statements of the District. This additional information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Markowski & Company". The signature is written in a cursive, flowing style.

**MARKOWSKI & COMPANY CPAs**

November 7, 2008

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



**VANDERCOOK LAKE PUBLIC SCHOOLS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Vandercook Lake Public Schools, a K-12 school district located in Jackson County, Michigan, is proud to present these financial statements prepared in accordance with the provisions of Government Accounting Standards Board (GASB) Statement 34 with the enclosed financial statements. This section, Management's Discussion and Analysis, a requirement of GASB Statement 34, is intended to be the Vandercook Lake Public School's discussion and analysis of the financial results of the year ended June 30, 2008. It should be read in conjunction with the District's basic financial statements, which begin on page 10.

**USING THIS ANNUAL REPORT**

Generally accepted accounting principles (GAAP) according to GASB 34 require the reporting of two types of financial statements: District Wide Financial Statements and Fund Financial Statements.

**District Wide Financial Statements:**

The District Wide financial statements attempt to answer the question "Are today's taxpayers paying for current services, or are these costs being passed off to future taxpayers?" The District Wide financial statements are full accrual basis statements. They report all of the District's assets and liabilities, both short and long term, regardless if they are "currently available" or not. All of the current year's revenues and expenses are reported regardless of when cash is received or paid. Capital assets and long term obligations of the District are reported in the Statement of Net Assets of the District Wide financial statements.

The District Wide financial statements are designed to assist in analyzing whether the current recipients of services are paying the true cost of these services, or if the burden is being shifted to future taxpayers. A positive amount of net assets indicates that these costs are being paid for currently. Over time, increases or decreases in the District's net assets are an indicator of whether the District's long term financial health is improving or declining.

**Fund Financial Statements:**

The Fund financial statements, or traditional statements, attempt to answer the question "What did the District do with the money it received this year?" The fund level financial statements are presented on a modified accrual basis. Only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent that they are normally expected to be paid with current financial resources.

The Fund financial statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual". In the State of Michigan, the District's major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in their relevant funds including: Special Revenue (School Service) Funds - Athletics Fund and the School Lunch Fund, the Debt Service Fund, and Capital Projects Fund. The District reports assets it is holding on behalf of others in its Student Activities Fiduciary Fund.

**VANDERCOOK LAKE PUBLIC SCHOOLS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

The Fund financial statements focus on the how the District used the resources available to it during the current year. Purchased capital assets are reported as expenditures in the year of acquisition; no asset is reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long term obligations are recorded as expenditures. Future years' debt obligations are not recorded.

**FINANCIAL POSITION – THE DISTRICT AS A WHOLE:**

The following summarizes the District's net assets at fiscal year end June 30, 2008 and 2007:

**Net Assets Summary:**

	<b>June 30, 2008</b>	June 30, 2007
<b>Assets:</b>		
Current assets	<b>\$ 7,642,783</b>	\$ 3,240,481
Capital assets	<b>12,664,811</b>	12,125,652
Less: Accumulated depreciation	<b>(5,565,100)</b>	(5,244,378)
Net capital assets	<b>7,099,711</b>	6,881,274
Other noncurrent assets	<b>449,895</b>	399,242
Total noncurrent assets	<b>7,549,606</b>	7,280,516
Total assets	<b>15,192,389</b>	10,520,997
<b>Liabilities:</b>		
Current liabilities	<b>1,869,929</b>	1,543,594
Long term liabilities	<b>8,840,568</b>	4,534,389
Total liabilities	<b>10,710,497</b>	6,077,983
<b>Net Assets:</b>		
Invested in capital assets, net of related debt	<b>2,318,578</b>	2,307,033
Restricted for debt service	<b>189,518</b>	129,840
Unrestricted	<b>1,973,796</b>	2,006,141
Total net assets	<b>\$ 4,481,892</b>	\$ 4,443,014

**VANDERCOOK LAKE PUBLIC SCHOOLS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Changes in District net assets for the past two years are summarized below:

	<b>Year Ending June 30, 2008</b>	<b>Year Ending June 30, 2007</b>
<b>Revenue:</b>		
Program Revenue:		
Charges for services	\$ 377,643	\$ 376,233
Operating grants/categorical state aid	1,294,241	1,250,877
General Revenue:		
Property taxes	1,062,127	1,010,181
State aid - Unrestricted	8,946,166	9,018,572
Interest and investment earnings	88,652	56,292
Gain on sale of assets	24	-
Other	114,062	90,968
Total revenue	<u>11,882,915</u>	<u>11,803,123</u>
<b>Function/Program Expenses:</b>		
Instruction	7,393,517	7,161,678
Support services	3,105,273	3,293,623
Community Services	99,093	116,105
Athletics	249,744	237,622
School Lunch	490,598	465,708
Interest on long term debt	251,225	226,214
Depreciation (Unallocated)	254,587	255,176
Total expenses	<u>11,844,037</u>	<u>11,756,126</u>
<b>Increase in Net Assets</b>	<u>\$ 38,878</u>	<u>\$ 46,997</u>

**Analysis of Financial Position:**

A decrease in the number of students has resulted in decreased state funding for the District. This has helped required that the District cut its expenses. During the year ended June 30, 2008, we actually increased the spending in the classroom, and offset this with cuts in support areas. Part of these savings was realized by contracting the services of several key administrators, which reduced the District's costs by eliminating benefits (retirement, health insurance, etc.).

During the fiscal year ended June 30, 2008, the District's net assets again had a very small increase. With District expenses using the full accrual method totaling \$11.8 million annually, this is a break even year for all intents and purposes.

**The answer to the question regarding whether or not current taxpayers are paying for current services is a definite YES in the Vandercook Lake Public Schools.**

**VANDERCOOK LAKE PUBLIC SCHOOLS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**FINANCIAL POSITION – FUND FINANCIAL STATEMENTS**

As noted earlier, the District uses funds to help it control and manage money for particular purposes. A review of the fund financial statements helps consider whether the District is being accountable for the resources taxpayers and others provide to it, and also provide insight into the District's overall financial health.

The General Fund of the District ended with a \$136,318 excess of revenues over expenditures for the year ended June 30, 2008. As discussed earlier, part of this was due to the replacement of employees with contract individuals, reducing the cost to the District.

The District also was the recipient of several grants from local foundations during 2008. One grant in particular allowed the District to purchase several LCD projectors to enhance the teachers' presentation and generate greater enthusiasm amongst the students.

The Jackson County Intermediate School District continued its outstanding support of our special education programs, providing grant funds to offset the costs of adding one classroom during the 2007-8 school year.

Several members of the District staff also stepped up during the year by taking on additional responsibilities following the departure of two management level employees during the year – the curriculum director and maintenance/transportation supervisor. This enabled the District to continue to provide outstanding support and maintenance services to its students without replacing the departing employees.

The Athletics Fund also ended with a small surplus. This was primarily the result of having more home football games this year; overall expenses of the Athletic Fund were in line with those of previous years.

The School Lunch Fund felt the pinch of rising food costs during the year, and ended with a \$14,000 deficit. Participation remained steady, with fewer students, indicating a greater percentage of students taking advantage of the program's excellent food and very reasonable prices. The decision to hold the line on lunch prices did mean that there was no way to offset the increased cost of food. The School Lunch director did his best to minimize these increases, even to the point of using \$31,000 of federal commodities when the District's entitlement was only \$29,000.

New for this year was the 2008 School Building & Site Bonds Capital Projects fund. The District was able to sell \$4,535,000 of bonds to finance several major projects to improve safety, efficiency, and capacity for the District. Most of this money will be spent in the 2008-9 school year, but several projects were started as soon as school was out for the year.

**VANDERCOOK LAKE PUBLIC SCHOOLS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The District adopts its original budget in June, prior to the start of the fiscal year. This budget requires amendments due to the timing of its preparation in relation to knowledge surrounding revenue sources which will be available to the District.

The original budget is prepared using certain assumptions regarding student counts, which have a major impact on available revenues. The District's general state aid was computed using a \$7,204 per student foundation allowance (reduced by per student tax revenues generated locally). The number of students the state uses for aid purposes are based on 25% of the February student count from the previous fiscal year and 75% of the student count taken in September of the current fiscal year. The September student count information is obviously not available when preparing the original budget.

With that in mind, the changes to the original General Fund budget were relatively minor. The original budgeted revenues were \$10,798,853; the final budget (amended in November 2007) was slightly higher at \$10,861,550. Budgeted expenditures decreased by 0.01% to \$10,585,593 (from \$10,595,333). Many of the budgetary changes dealt with moving appropriations between functions to better reflect the changes in operations during the school year.

Overall, student count projections and estimated expenditures were very close to planned amounts, even when considering the uncertainty surrounding state finances available to the District.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2008, the District had \$12.7 million invested in a range of capital assets including land, buildings and improvements, furniture and equipment, and vehicles. This amount represents a decrease of \$560,000 from the beginning balance. Current additions included a 2008 school bus (\$64,784). Several projects financed with the 2008 School Building & Site Bonds were started during 2008, and have been reported as Construction in progress in the District's financial statements. The District disposed of a 1987 bus during 2008. A summary of capital asset activity is as follows:

Asset Type	Balance 6/30/07	Additions	Disposals	Balance 6/30/08
Land	\$ 20,493	\$ -	\$ -	\$ 20,493
Buildings and Improvements	9,887,142	-	-	9,887,142
Improvements other than Buildings	485,123	-	-	485,123
Equipment - Instruction	863,376	2,009	-	865,385
Equipment - Support	403,238	3,507	-	406,745
Other Vehicles	69,508	-	-	69,508
Buses	396,772	64,874	(22,136)	439,510
Construction in Progress	-	490,905	-	490,905
	<u>\$ 12,125,652</u>	<u>\$ 561,295</u>	<u>\$ (22,136)</u>	<u>\$ 12,664,811</u>

**VANDERCOOK LAKE PUBLIC SCHOOLS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)**

**Debt**

At the end of the year, the District had the following long term debt:

	Balance 6/30/07	Additions	Repayments	Balance 6/30/08
Installment Purchase Agreements/				
Capital Leases	\$ 56,794	\$ -	\$ -	\$ 56,794
Bonds Payable	4,260,000	-	-	4,260,000
<i>Durant</i> Bond Payable	37,447	-	-	37,447
	<u>\$ 4,354,241</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,354,241</u>

The District anticipates repayments on the installment purchase agreements (notes payable) will be made from current general revenues, as has been the case in past years.

The bonds payable actually consist of two distinct issues. One relates to the voter approved debt issued by the District after residents approved it in 1997; the other was approved by residents in November 2007 and sold in early 2008. The 1997 bonds were refinanced during the 2005 fiscal year to take advantage of lower interest rates. These new bonds were sold at a true interest rate of 4.09%, which will save the District \$436,000 over the life of the bonds (\$233,892 in today's dollars). The District can levy an unlimited millage to retire this debt. During 2008, the District continued to levy 4.2 mills (1 mill = \$1 per \$1,000 of taxable value) for debt service. The balance of these bonds at June 30, 2008 was \$4,250,000.

The 2008 School Building and Site Bonds were issued in the amount of \$4,535,000. These bonds, sold in March 2008, have a true interest cost of 4.09%. This favorable rate was achieved because of the District's strong financial condition.

The State of Michigan is obligated to pay the debt service on the *Durant* bonds, which were issued as part of a settlement regarding state underfunding of special education services

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The elected school board members and school administration consider many factors when setting the District's 2008/2009 General Fund budget. One of the most important factors is the student count. As discussed earlier, the District's state aid is based on a per pupil basis, with the number of pupils determined using 25% of the February 2008 and 75% of the September 2008 pupil counts. The state aid represents approximately 75% of the total revenue for the General Fund. We are currently expecting a small decrease in the September 2008 pupil count.

**VANDERCOOK LAKE PUBLIC SCHOOLS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (Continued)**

The District is heavily dependent on the State for its General Fund revenues. As a result, the overall state economy has a direct impact on the District's level of funding. . We have attempted to be conservative in our estimates when formulating the 2008-9 budget, and are predicting only a slight increase in funding per pupil for 2008-9.

We settled a two year contract with our teacher's union shortly after the start of the 2008-9 school year. This agreement, which provides a 2.5% pay increase for the first year, and 2.0% for the 2009-2010 year, strikes a balance between the uncertain revenue picture and the value we place on our dedicated faculty.

Finally, the District has long been a beneficiary of the State's Schools of Choice law. Over one-third of the District's students are non-residents electing to attend Vandercook Lake Public Schools because of the academic opportunities and caring atmosphere offered by the District. There are no guarantees that this will continue, although signs indicate that for Jackson area children, Vandercook Lake Public Schools continue to be the "School of Choice".

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the residents and taxpayers with a general overview of the District's finances. If you have questions about this report or need additional information, contact the Superintendent's Office, 1000 E. Golf St., Jackson, Michigan 49203.

## **BASIC FINANCIAL STATEMENTS**

### **District-Wide Financial Statements:**

Statement of Net Assets

Statement of Activities

### **Fund Financial Statements:**

Combined Balance Sheet

Statement of Revenues, Expenditures, and Changes in Fund Balance

Reconciliation of Fund Financial Statements to Government-Wide Financial Statements

Statement of Fiduciary Net Assets



# VANDERCOOK LAKE PUBLIC SCHOOLS

## STATEMENT OF NET ASSETS

JUNE 30, 2008

<b>Assets</b>	<u>Governmental Activities</u>
<b>Current Assets:</b>	
Cash and cash equivalents	\$ 5,894,098
Taxes receivable	2,675
Due from other governmental units	1,742,895
Prepaid Expenses	-
Inventory	3,115
Total current assets	<u>7,642,783</u>
<b>Noncurrent Assets:</b>	
Capital assets - Less accumulated depreciation of \$5,565,100	7,099,711
Amortized bond costs - Less accumulated amortization of \$151,668	449,895
Total noncurrent assets	<u>7,549,606</u>
Total assets	<u>15,192,389</u>
 <b>Liabilities and Fund Balances</b>	
<b>Liabilities:</b>	
<b>Current Liabilities:</b>	
Accounts payable	421,053
Interest payable	28,579
Salaries payable	704,389
Accrued expenses	394,421
Deferred revenue	41,572
Notes and leases payable within one year	38,176
Bonds payable within one year	241,739
Total current liabilities	<u>1,869,929</u>
<b>Noncurrent Liabilities:</b>	
Accrued sick pay	201,900
Notes and leases payable	57,960
Bonds payable	8,580,708
Total noncurrent liabilities	<u>8,840,568</u>
Total liabilities	<u>10,710,497</u>
<b>Net Assets:</b>	
Invested in capital assets, net of related debt	2,318,578
Restricted for debt service	189,518
Unrestricted	1,973,796
Total net assets	<u>\$ 4,481,892</u>

The accompanying notes are an integral part of the financial statements.

**VANDERCOOK LAKE PUBLIC SCHOOLS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2008**

		Program Revenues		Governmental Activities
		Charges For	Operating	Net (Expense) Revenue and Change in Net Assets
	Expenses	Services	Grants	
<b>Functions/Programs:</b>				
Governmental Activities:				
Instruction	\$ 7,393,517	\$ 13,559	\$ 1,010,099	\$ (6,369,859)
Support services	3,105,273	-	9,137	(3,096,136)
Community services	99,093	110,558	-	11,465
Athletics	249,744	67,490	-	(182,254)
School Lunch	490,598	186,036	275,005	(29,557)
Interest on long term debt	251,225	-	-	(251,225)
Depreciation (Unallocated)	254,587	-	-	(254,587)
Total Governmental Activities	<u>\$ 11,844,037</u>	<u>\$ 377,643</u>	<u>\$ 1,294,241</u>	<u>(10,172,153)</u>
General Revenues:				
Taxes:				
Property taxes, levied for general operations				613,647
Property taxes, levied for debt service				448,480
State of Michigan aid, unrestricted				8,946,166
Interest and investment earnings				88,652
Gain on sale of asset				24
Miscellaneous general revenues				114,062
Total general revenues				<u>10,211,031</u>
<b>Change in Net Assets</b>				<b>38,878</b>
Net assets - Beginning				<u>4,443,014</u>
Net assets - Ending				<u>\$ 4,481,892</u>

The accompanying notes are an integral part of the financial statements.

**VANDERCOOK LAKE PUBLIC SCHOOLS**  
**COMBINED BALANCE SHEET**  
**JUNE 30, 2008**

<b><u>ASSETS AND OTHER DEBITS</u></b>	<b>GENERAL</b>	<b>2008 SCHOOL BUILDING &amp; SITE CAPITAL PROJECTS FUND</b>	<b>OTHER NONMAJOR GOVERNMENTAL FUNDS</b>	<b>TOTAL</b>
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 1,741,705	\$ 4,137,450	\$ 14,943	\$ <b>5,894,098</b>
Taxes receivable	2,176	-	499	<b>2,675</b>
Due from other governments	1,739,509	-	3,386	<b>1,742,895</b>
Prepaid expenses	-	-	-	-
Inventory	-	-	3,115	<b>3,115</b>
Internal balances	(207,259)	-	207,259	-
Total assets and other debits	\$ 3,276,131	\$ 4,137,450	\$ 229,202	\$ <b>7,642,783</b>
<b><u>LIABILITIES, FUND BALANCE AND OTHER CREDITS</u></b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 181,124	\$ 239,929	\$ -	\$ <b>421,053</b>
Salaries payable	702,964	-	1,425	<b>704,389</b>
Accrued expenses	394,421	-	-	<b>394,421</b>
Deferred revenue	36,518	-	5,054	<b>41,572</b>
Total liabilities	1,315,027	239,929	6,479	<b>1,561,435</b>
<b>FUND BALANCES:</b>				
Reserved for prepaids/inventory	-	-	3,115	<b>3,115</b>
Reserved for debt service	-	-	189,518	<b>189,518</b>
Designated for installment purchase agreements	104,487	-	-	<b>104,487</b>
Unreserved and undesignated	1,856,617	3,897,521	30,090	<b>5,784,228</b>
Total fund equity	1,961,104	3,897,521	222,723	<b>6,081,348</b>
Total liabilities and fund balance	\$ 3,276,131	\$ 4,137,450	\$ 229,202	\$ <b>7,642,783</b>

The accompanying notes are an integral part of the financial statements.

**VANDERCOOK LAKE PUBLIC SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	GENERAL	2008 SCHOOL BUILDING & SITE CAPITAL PROJECTS FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL
<b>Revenues:</b>				
Local sources	\$ 874,421	\$ 30,652	\$ 715,684	\$ 1,620,757
State sources	9,348,312	-	26,385	9,374,697
Federal sources	150,142	-	248,620	398,762
Interdistrict sources	488,675	-	-	488,675
Total revenues	10,861,550	30,652	990,689	11,882,891
<b>Expenditures:</b>				
Current:				
Instruction - Basic programs	5,799,292	-	-	5,799,292
Instruction - Added needs	1,456,035	-	-	1,456,035
Support services	3,024,741	-	-	3,024,741
Other	-	101,385	-	101,385
Community services	98,998	-	-	98,998
Athletics	-	-	229,633	229,633
School Lunch	-	-	485,403	485,403
Debt service	27,407	-	430,108	457,515
Capital outlay	179,120	539,012	13,162	731,294
Total expenditures	10,585,593	640,397	1,158,306	12,384,296
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	275,957	(609,745)	(167,617)	(501,405)
<b>Other Financing Sources (Uses):</b>				
Operating Transfers In (Out)	(204,913)	(27,734)	232,647	-
Proceeds from sale of capital assets	400	-	-	400
Proceeds from long term debt	64,874	4,535,000	-	4,599,874
Total Other Financing Sources (Uses)	(139,639)	4,507,266	232,647	4,600,274
<b>Net Changes in Fund Balances</b>	136,318	3,897,521	65,030	4,098,869
<b>Fund Balance - Beginning</b>	1,824,786	-	157,693	1,982,479
<b>Fund Balance - Ending</b>	\$ 1,961,104	\$ 3,897,521	\$ 222,723	\$ 6,081,348

The accompanying notes are an integral part of the financial statements.

**VANDERCOOK LAKE PUBLIC SCHOOLS**  
**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT**  
**OF NET ASSETS AND RECONCILIATION OF THE STATEMENT OF REVENUE,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2008**

**Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets:**

Total Governmental Fund Balances	\$ 6,081,148
Amounts reported for governmental activities in the statement of net assets because:	
Capital assets used in governmental activities are not financial resources. Accordingly, they are not reported on the governmental funds balance sheet.	
The cost of capital assets is:	\$ 12,664,811
Accumulated depreciation is:	<u>(5,565,100)</u>
	7,099,711
Bond issuance costs are not financial resources, and therefore are not reported on the governmental funds balance sheet.	
The balance of unamortized bond issue costs is:	449,895
Accrued interest is not included as a liability in governmental funds.	(28,579)
Long term liabilities are not payable from current resources. As a result, they are not reported on the governmental fund balance sheet.	
Bonds leases, and installment purchase agreements payable balance is:	(8,918,583)
Accrued sick pay is:	<u>(201,900)</u>
	<u>\$ 4,481,692</u>

The accompanying notes are an integral part of the financial statements.

**VANDERCOOK LAKE PUBLIC SCHOOLS**  
**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT**  
**OF NET ASSETS AND RECONCILIATION OF THE STATEMENT OF REVENUE,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2008**

**Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities:**

Net changes in fund balances - Total Governmental Funds	\$ 4,098,869
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; in the statement of activities these costs are allocated to expense over their useful lives as depreciation expense.	
Depreciation expense	\$ (342,482)
Capital outlay	<u>561,295</u>
	218,813
Sales proceeds from the disposal of capital assets are recognized as income in the governmental fund financial statements, this is reduced by the net book value of the assets disposed of in the statement of activities	(376)
Interest expense is reported in the statement of activities when incurred; it is not reported as an expenditure in the governmental fund financial statements until it is paid.	1,481
Interest expense is increased by the amortization of loss on bond refunding	(28,412)
Interest expense is increased by the amortization of bond issuance costs.	(22,311)
Issue costs and discounts on new debt are expensed in the fund financial statements	101,376
Bond, note and lease principal payments are reported as an expenditure in the governmental funds; they reduce the long term debt liabilities in the statement of activities	255,532
Proceeds from the sale of new bonds and installment purchase agreements are reported as income in the governmental funds; these are reported as liabilities in the government-wide financial statements	(4,599,874)
Sick pay is recorded in governmental funds when paid; it is expensed as earned in the statement of activities	<u>13,780</u>
Change in Net Assets of Governmental Activities	<u><u>\$ 38,878</u></u>

The accompanying notes are an integral part of the financial statements.

**VANDERCOOK LAKE PUBLIC SCHOOLS**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS - STUDENT ACTIVITIES AGENCY FUND**  
**JUNE 30, 2008**

<b>Assets</b>	
Cash	\$ 117,542
Accounts Receivable	-
Due from other funds	-
	<hr/>
Total Assets	<u><u>\$ 117,542</u></u>
 <b>Liabilities</b>	
Due to other funds	\$ -
Due to student groups	117,542
	<hr/>
Total Liabilities	<u><u>\$ 117,542</u></u>

The accompanying notes are an integral part of this statement.

## **NOTES TO THE FINANCIAL STATEMENTS**



**VANDERCOOK LAKE PUBLIC SCHOOLS**  
**INDEX TO THE NOTES TO THE FINANCIAL STATEMENTS**

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**VANDERCOOK LAKE PUBLIC SCHOOLS**  
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**VANDERCOOK LAKE PUBLIC SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The basic financial statements of the Vandercook Lake Public Schools (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below:

**1. Reporting Entity:**

Vandercook Lake Public Schools is a public school district created under the laws of the State of Michigan. It is governed by an elected seven-member Board of Education, which has control over all activities related to public school education within the District. Located in Jackson County, Michigan, the District provides K-12 educational programs to approximately 1,325 students. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by GAAP. In addition, these financial statements do not include the Parent-Teacher organizations or other booster groups (although their receipts and disbursements are reported in the Activity Fund by District policy.)

**2. District-Wide and Fund Financial Statements:**

The District-Wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all the non-fiduciary activities of the primary government (the District). For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business activities, which rely to a significant extent on fees and charges for support. All of the District's activities are considered governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or program are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenue* includes both (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments, and other items not properly included among program revenue are reported as *general revenue*.

In the District-Wide statement of net assets, the governmental activities column (a) is presented on a consolidated basis, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

**VANDERCOOK LAKE PUBLIC SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

**2. District-Wide and Fund Financial Statements:** (Continued)

The District first utilizes restricted resources to finance qualifying activities.

The District-Wide statement of activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, etc.). The statement of activities reduces gross expenses by related program revenues and operating grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either capital or operating) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources, intermediate district sources, interest income and other revenues).

The District does not allocate indirect costs.

This District-Wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the District-Wide financial statements. Major individual governmental funds are reported as a separate column in the fund financial statements.

**Governmental Funds** – Governmental funds are those funds through which most of the District's functions typically are financed. The acquisition, use and balances of the District's expendable financial resources and the related current liabilities are accounted for through governmental funds.

The District reports the following **major** governmental funds:

The *general fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *2008 School Building & Site Bonds Capital Projects Fund* accounts for the proceeds from the \$4,535,000 proceeds of the voter approved bond issue.

**Other Non-major Funds**

The *special revenue funds* account for revenue sources that are legally restricted to expenditures for specific purposes (not including major capital projects). The District accounts for its athletic and school lunch program activities in special revenue funds.

The *1997 and 2008 debt service funds* account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the District.

**VANDERCOOK LAKE PUBLIC SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

**2. District-Wide and Fund Financial Statements:** (Continued)

The *capital projects fund* accounts for resources accumulated to fund major, non-recurring repairs to District properties.

**Fiduciary funds** account for assets held by the District as an agent on behalf of others. Fiduciary funds are not included in the district-wide statements.

The *agency fund* is custodial in nature and does not present results of operations or have a measurement focus. Agency funds use the accrual method of accounting. This fund is used to account for assets the District holds for others in an agency capacity (primarily student activities).

**3. Measurement Focus, Basis of Accounting, and Basis of Presentation:**

**Accrual Method**

The district-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recorded as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Modified Accrual Method**

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes and interest are susceptible to accrual. Other receipts and taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

**VANDERCOOK LAKE PUBLIC SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

**4. Cash and Cash Equivalents:**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

**5. Receivables:**

Receivables are established by the District for revenues susceptible to accrual. No allowance for doubtful accounts has been established, as all receivables were collected within 60 days of accrual.

**6. Inventories and Prepaid Items:**

Inventory is valued at the lower of cost (first in, first-out) or market. Inventory in the special revenue funds consist of food and expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased.

Certain prepayments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Reported inventories and prepaid items are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources", even though they are a component of net current assets.

**7. Capital Assets:**

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the time of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

The cost, less estimated salvage value, is depreciated for all assets using the straight-line basis over the estimated useful lives. Salvage value and useful lives are as follows:

	<u>Salvage Value</u>	<u>Useful Life</u>
Land	N/A	N/A
Buildings and Improvements	15% of cost	7-50 years
Improvements other than buildings	5% of cost	20-30 years
Furniture and equipment	5% of cost	5-30 years
Vehicles	2-5% of cost	8 years

**VANDERCOOK LAKE PUBLIC SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

**8. Compensated Absences:**

The school's policy is not to compensate employees for vacation time not used during the school year. Sick time can be accumulated to a maximum of 200 days. If an employee leaves the District after 15 years, they are reimbursed for their unused sick leave at the rate of \$40 - 50 per day, depending upon classification.

**9. Long-Term Obligations:**

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net assets. Bond premiums and discounts, as well as issuance costs and the loss on the bonds refunded in advance are deferred and amortized over the life of the bonds using the straight-line method over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**10. Fund Equity:**

In the fund financial statements, reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Reservations of fund balance are limited to outside third-party restrictions. Designations of fund balance represent tentative management plans that are subject to change. The reservations of the District's fund balances have been established to reflect amounts not appropriable.

**11. Prior Year Totals in Additional Information:**

Prior year totals have been included in certain statements and schedules contained in the supplementary information. No changes, restatements, or additional work have been performed on the prior year totals.

**12. Estimates:**

The preparation of financial statements in accordance with generally accepted accounting principles requires the use of management's estimates. The estimates which may be material in amount are summarized in these notes to the financial statements.

**VANDERCOOK LAKE PUBLIC SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:**

**1. Budgetary Information:**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the capital projects fund, which adopted a project-length budget. All annual appropriations lapse at fiscal year end.

During the year, the budget was amended in a legally permissible manner.

**2. Excess of Expenditures Due Appropriations:**

For the year ended June 30, 2008, expenditures exceeded appropriations in the following areas:

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<b>General Fund:</b>			
<b>Revenues:</b>			
Federal	\$ 165,457	\$ 150,142	\$ (15,315)
Interdistrict sources	494,690	488,675	(6,015)
<b>Expenditures:</b>			
Support Services			
Pupil	297,890	347,089	(49,199)
Business Services	210,918	220,064	(9,146)
Capital Outlay	86,000	179,120	(93,120)

Spending an amount in excess of budget is a violation of state statute.

**NOTE C - CASH AND INVESTMENTS:**

Cash and investments as of June 30, 2008 are classified in the accompanying financial statements as follows:

**Governmental Funds:**

Cash and cash equivalents	\$ 5,894,098
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**Fiduciary Funds:**

Cash and cash equivalents	117,542
	<u>\$ 6,011,640</u>



**VANDERCOOK LAKE PUBLIC SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE C – CASH AND INVESTMENTS: (Continued)**

State statutes and District policy authorize the District to deposit and invest in the accounts of Federally insured banks; insured credit unions and savings and loan associations; bonds and other direct obligations of the United States, or an agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; commercial paper rated within the two highest classifications by not less than two standard rating services, which mature not more than 270 days after the date of purchase; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. The District's deposits are in accordance with statutory authority and District policy.

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District minimizes this risk by limiting its investments to shorter term securities with liquidity similar to a money market account.

**Concentration of Credit Risk**

The District's investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by Michigan law.

**Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and are uncollateralized; collateralized with securities held by the pledging financial institution; or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

The custodial credit risk for investments is that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Michigan law and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits and investments.

As of June 30, 2008, \$5,811,640 of the District's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

**VANDERCOOK LAKE PUBLIC SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE D – DUE FROM OTHER GOVERNMENTS:**

The District has accrued amounts received within sixty days of year end from other governmental units applicable to the year ended June 30, 2008. This receivable includes state aid payments and reimbursement type grant payments. A summary of this receivable is as follows:

State Aid - July and August payments - General	\$ 1,739,509
State Aid - School Lunch	3,386
	<u>\$ 1,742,895</u>

**NOTE E – INTERFUND RECEIVABLES AND TRANSFERS:**

The composition of interfund balances (reported as internal balances on the basic financial statements) as of June 30, 2008 is as follows:

<u>RECEIVABLE FUND</u>		<u>PAYABLE FUND</u>	
School Lunch Fund	\$ 8,511	General Fund	\$ 8,511
Debt Retirement Fund	183,748	General Fund	183,748
Capital Projects Fund	15,000	General Fund	15,000
	<u>\$ 207,259</u>		<u>\$ 207,259</u>

During the year ended June 30, 2008 the General Fund transferred \$179,913 to the Athletics Fund to cover salaries and related taxes and benefits of coaches, and \$10,000 to the School Lunch Fund to help offset the increase food costs.

The General Fund also transferred \$15,000 to the Capital Projects Fund to cover the costs of major repairs and improvements financed through the Capital Projects Fund.

**VANDERCOOK LAKE PUBLIC SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE F – CAPITAL ASSETS:**

Activity in the general fixed assets account group for the District for the year ended June 30, 2008 was as follows:

	BALANCE 6/30/07	ADDITIONS	DISPOSALS	BALANCE 6/30/08
Assets not being depreciated -				
Land	\$ 20,493	\$ -	\$ -	\$ 20,493
Construction in Progress	-	490,905	-	490,905
Land	20,493	490,905	-	511,398
Capital assets being depreciated:				
Buildings and improvements	9,887,142	-	-	9,887,142
Non-building improvements	485,123	-	-	485,123
Equipment/furniture - Instruction	863,376	2,009	-	865,385
Equipment/furniture - Support	379,908	3,507	-	383,415
Vehicles	92,938	-	-	92,938
School buses	396,672	64,874	(22,136)	439,410
Total	12,105,159	70,390	(22,136)	12,153,413
Total asset cost	12,125,652	561,295	(22,136)	12,664,811
Accumulated depreciation:				
Buildings and improvements	3,878,778	240,585	-	4,119,363
Non-building improvements	137,722	22,087	-	159,809
Equipment/furniture - Instruction	602,770	37,733	-	640,503
Equipment/furniture - Support	220,049	22,399	-	242,448
Vehicles	66,079	3,526	-	69,605
School buses	338,980	16,152	(21,760)	333,372
Total	5,244,378	342,482	(21,760)	5,565,100
Net book value	\$ 6,881,274	\$ 218,813	\$ (376)	\$ 7,099,711

Current depreciation expense has been allocated to the appropriate function in the statement of activities, except for \$254,587 of depreciation on mixed use assets (primarily buildings) which has been reported as unallocated depreciation.

**NOTE G - SALARIES PAYABLE AND ACCRUED EXPENSES:**

The majority of the District's employees work only while school is in session. These employees have the option of collecting their annual salary (based upon the school year) over a 26 pay period from September to August. Amounts owed these employees for work performed during the year ended June 30, 2008 that is to be paid in July and August 2008 is reported in these financial statements as Salaries Payable.

**VANDERCOOK LAKE PUBLIC SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE G - SALARIES PAYABLE AND ACCRUED EXPENSES: (Continued)**

The fringe benefits related to the employees referred to above have also been accrued as a liability at June 30, 2008. These amounts are shown below.

FICA	\$ 53,777
Retirement	126,212
Health Insurance	214,432
	<u>\$ 394,421</u>

**NOTE H – DEFERRED REVENUE:**

The District received grant proceeds in excess of allowable expenditures incurred for certain programs during the fiscal year ended June 30, 2008. The District has recognized as revenue only the amount equal to the allowable expenditures for these programs; the balance has been recorded as deferred revenue. The detail of the deferred revenue at June 30, 2008 is as follows:

Program Name	Amount
<b>General Fund:</b>	
Medicaid Outreach	\$ 16,518
Blue Cross/Blue Shield grant	20,000
	<u>\$ 36,518</u>

**NOTE I - LONG-TERM DEBT:**

The District issues bonds and installment purchase agreements to provide resources for the acquisition and construction of major capital facilities and certain other long-lived equipment. This debt can be summarized as follows:

*General Obligation Bonds* - The District has issued general obligation bonds to provide funds for the construction, renovation, and equipping of school facilities. A large portion of these were refunded August 2004 with the 2004 Refunding bonds. The District will realize cash savings of \$436,000 over the remaining life of these bonds, which is equivalent to \$234,000 in today's dollars. During the 2008, the District sold \$4,535,000 of general obligation bonds to finance the additions, improvements and equipping school facilities.

As part of the *Durant* program-funding lawsuit, the State issued bonds on behalf of the District in lieu of making annual payments over a fifteen-year period beginning in 1999. These bonds are to be retired with an annual appropriation from the State, but the bonds are an obligation of the District.

**VANDERCOOK LAKE PUBLIC SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE I - LONG-TERM DEBT:** (Continued)

General obligation bonds are direct obligations and pledge the full faith and credit of the District. General obligation bonds currently outstanding are as follows:

Purpose	Interest Rates	Amount
2004 Refunding Bonds	2.00% to 4.45%	\$ 4,250,000
2008 School Building & Site Bonds	3.00% to 4.10%	\$ 4,535,000
School Improvement Bond, 1998 Series ( <i>Durant</i> bonds)	4.76%	\$ 37,447

*Installment Purchase Agreements Payable (Notes Payable/Leases Payable)* - The District has financed the acquisition of buses through the use of installment purchase agreements. During 2006, the District also acquired a maintenance truck using a capital lease. Installment purchase agreements are direct obligations of the District, secured by the equipment purchased. Installment purchase agreements currently outstanding are as follows:

Purpose	Interest Rate	Amount
County National Bank - Buses	2.14%	\$ 21,614
Ford Motor Credit - Truck	6.75%	\$ 9,648
County National Bank - Buses	3.29%	\$ 64,874

*Sick Leave Payable* – As discussed in Note A-7, the District offers the partial payoff of unused sick leave upon retirement. This liability was \$201,900 at June 30, 2008.

*Leases Payable* - The District has not entered into any material lease agreements, other than the capital lease discussed above.

The change in long-term debt can be summarized as follows:

	Balance 6/30/07	New Debt Issues	Principal Repayments	Balance 6/30/08
Bonds Payable	\$ 4,517,447	\$ 4,535,000	\$ (230,000)	\$ 8,822,447
Installment Purchase Agreements	56,794	64,874	(25,532)	96,136
Sick Leave Payable	215,680	6,220	(20,000)	201,900
	<u>\$ 4,789,921</u>	<u>\$ 4,606,094</u>	<u>\$ (275,532)</u>	<u>\$ 9,120,483</u>

**VANDERCOOK LAKE PUBLIC SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE I - LONG-TERM DEBT:** (Continued)

The debt service requirements until maturity for the District's long-term debt are as follows:

Fiscal Year Ended June 30,	General Obligation Bonds	Installment Purchase Agreements	Accumulated Sick Leave	Total
2009	\$ 592,024	\$ 41,760	\$ -	\$ 633,784
2010	619,823	19,669	-	639,492
2011	628,780	14,353	-	643,133
2012	616,273	14,352	-	630,625
2013	645,585	14,353	-	659,938
Subtotal	3,102,485	104,487	-	3,206,972
2014	642,620	-	-	642,620
2015	640,125	-	-	640,125
2016	641,818	-	-	641,818
2017	642,627	-	-	642,627
2018	642,553	-	-	642,553
Subtotal	3,209,743	-	-	3,209,743
2019	571,710	-	-	571,710
2020	567,392	-	-	567,392
2021	557,305	-	-	557,305
2022	906,465	-	-	906,465
2023	150,845	-	-	150,845
Subtotal	2,753,717	-	-	2,753,717
2024	785,845	-	-	785,845
2025	125,445	-	-	125,445
2026	820,445	-	-	820,445
2027	97,645	-	-	97,645
2028	852,645	-	-	852,645
Subtotal	2,682,025	-	-	2,682,025
2029	67,445	-	-	67,445
2030	882,445	-	-	882,445
2031	34,030	-	-	34,030
2032	909,738	-	-	909,738
Subtotal	1,893,658	-	-	1,893,658
Thereafter	-	-	201,900	201,900
	13,641,628	104,487	201,900	9,372,332
Less - Interest	(4,819,181)	(8,351)	-	(4,827,532)
	<u>\$ 8,822,447</u>	<u>\$ 96,136</u>	<u>\$ 201,900</u>	<u>\$ 4,544,800</u>

**VANDERCOOK LAKE PUBLIC SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE J – FUND EQUITY:**

**1. Designated Fund Balance:**

It has been the policy of the school board to reflect a portion of General Fund fund balance equal to the outstanding principal and interest balance of installment purchase agreements as designated for debt service.

**2. Reserved Fund Equity:**

At June 30, 2008, the Food Service Fund had fund balance reserved for inventory in the amount of \$3,115. A reserve has been established for this item to reflect the fact that this amount is not available for expenditure in a future period (not appropriable).

The fund balance of the debt service funds is legally restricted for payment of principal and interest on the general unlimited tax obligation bonds.

**NOTE K – PROPERTY TAXES:**

Taxes are levied by the District in one installment. This is levied by July 1, and is due by February 28 of the following year, with interest of 1% per month being assessed for payments after September 15. As discussed in Note O, the District is reimbursed for any unpaid real property taxes as of March 1. Personal property taxes (levied on equipment used in a business) unpaid at March 1 are paid to the District as they are collected.

Assessing and collecting the District's property taxes is handled by the townships in which the District is located. The property taxes become a lien on December 31 of the year preceding the levy.

**NOTE L - DEFINED BENEFIT PENSION PLAN:**

**1. Plan Description:**

The District participates in the Michigan Public School Employee's Retirement System ("MPERS"), a cost sharing multiple employer, statewide defined benefit public employee retirement plan governed by the State of Michigan. MPERS was originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. MPERS operates within the Michigan Department of Management and Budget, Office of Retirement Systems. MPERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. The report may be obtained by writing to: MPERS, P.O. Box 30171, Lansing, MI. 48909-7671.

**VANDERCOOK LAKE PUBLIC SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE L - DEFINED BENEFIT PENSION PLAN: (Continued)**

**2. Funding Policy:**

The District is required to make the full actuarial funding contribution amount needed to fund pension benefits, plus an additional amount to fund retiree health benefits paid on a cash disbursement ('pay as you go') basis. The employer contribution rate totaled 17.74% of covered wages from July 1, 2007 to September 30, 2007. The rate was decreased to 16.72% from October 1, 2007 to June 30, 2008.

Employee contributions differ based on selected coverage. Basic Plan members make no contributions. Member Investment Plan members contribute at rates ranging from 3.0% to 4.3% of gross wages.

The District's contribution to the MPSERS plan for the year ending June 30, 2008 was \$1,042,990, which equaled the actuarially determined amount. Covered payroll for the year ended June 30, 2008 was \$6.26 million; total payroll was \$6.43 million. Employee contributions for the year ended June 30, 2008 totaled \$226,464.

**3 Post-Employment Benefits:**

Under the MPSERS' Act, all retirees participating in the pension plan have the option of continuing health, dental, and vision coverage. Retirees having these coverages contribute an amount equivalent to the monthly cost for Medicare Part B and 10% of the monthly premium amount for the health, dental, and vision coverages. The District's required contribution for the post-employment benefits are discussed in the funding policy section above.

**NOTE M – RISK MANAGEMENT:**

The District is exposed to various risks of loss related to property loss or damage, torts, errors and omissions claims, and employee injuries. The District has purchased commercial insurance to protect itself from errors and omissions claims and medical benefits.

The District participates in an association of educational institutions located within the State of Michigan for self-insuring claims for employee injury (workers' compensation) and property loss. The association is considered a public entity risk sharing pool. The District pays annual premiums to the association for these coverages. In the event the association's total claims and expenses for a policy year exceed the total normal premiums for said year, all members of the policy year may be subject to special assessments to cover the difference. The association maintains reinsurance to limit its exposure to large claims. To date, the District has not been notified of the need for any special assessments; refunds have been received/credited to premiums for the past several years.



**VANDERCOOK LAKE PUBLIC SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE N - CONTINGENT LIABILITIES:**

The District is a reimbursing employer to the State of Michigan Bureau of Workers' & Unemployment Compensation for unemployment compensation, and as such is responsible to pay the commission for those benefits paid and charged to its account. As of June 30, appropriate liabilities have been recorded for all claims paid by the Agency. However, no provision has been made for future payments that might result from claims in process or unfilled.

**NOTE O – COMMITMENTS:**

**1. Personal Property Taxes:**

The Jackson County Treasurer reimburses the District for any real property taxes from the current year levy which are unpaid as of the following March 1. This entitles the County to receive interest and fees on such taxes, while affording the District with a more predictable cash flow. The District is responsible for repayment to the County's Delinquent Tax Revolving Fund of any taxes remaining unpaid five years after the original date of delinquency, as well as for any refunds of collected taxes ordered by the courts. The amount of the contingent liability has not been determined; past payments for such items have been immaterial, however.

**2. Construction Contracts:**

As part of the construction financed by the 2008 School Building & Site Bonds issued in 2008, the District has signed several construction contracts as of June 30, 2008. The District was committed to \$3.3 million of construction contracts as of June 30, 2008.

**REQUIRED SUPPLEMENTARY INFORMATION**

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

**VANDERCOOK LAKE SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<b>REVENUES:</b>				
Local	\$ 817,903	\$ 840,174	\$ 874,421	\$ 34,247
State	9,383,735	9,298,532	9,348,312	49,780
Federal	136,028	165,457	150,142	(15,315)
Interdistrict sources	520,506	494,690	488,675	(6,015)
Total revenues	10,858,172	10,798,853	10,861,550	62,697
<b>EXPENDITURES:</b>				
<b>Instruction:</b>				
Basic programs	5,980,287	5,800,039	5,799,292	747
Added needs	1,413,937	1,476,144	1,456,035	20,109
<b>Support Services:</b>				
Pupil	300,297	297,890	347,089	(49,199)
Instructional staff	373,205	371,875	343,758	28,117
General administration	267,824	267,244	250,213	17,031
School administration	786,888	787,089	759,176	27,913
Business services	216,395	210,918	220,064	(9,146)
Operation and maintenance	975,189	985,508	930,000	55,508
Transportation	188,905	181,693	174,441	7,252
<b>Community services</b>	109,496	103,526	98,998	4,528
<b>Capital outlay</b>	86,000	86,000	179,120	(93,120)
<b>Debt service</b>	27,407	27,407	27,407	-
Total expenditures	10,725,830	10,595,333	10,585,593	9,740
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	132,342	203,520	275,957	72,437
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers to other funds	(192,868)	(203,520)	(204,913)	(1,393)
Proceeds from sale of fixed assets	-	-	400	400
Proceeds from long term debt	-	-	64,874	64,874
Total other financing sources (uses)	(192,868)	(203,520)	(139,639)	63,881
<b>NET CHANGE IN FUND BALANCE</b>	(60,526)	-	136,318	136,318
<b>FUND BALANCE - Beginning</b>	1,732,860	1,824,786	1,824,786	-
<b>FUND BALANCE - Ending</b>	\$ 1,672,334	\$ 1,824,786	\$ 1,961,104	\$ 136,318

## **ADDITIONAL INFORMATION**

**COMBINING STATEMENTS - NONMAJOR GOVERNMENTAL FUNDS**

**VANDERCOOK LAKE SCHOOL DISTRICT**  
**NONMAJOR GOVERNMENTAL FUND TYPES**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2008**

	ATHLETICS	SCHOOL LUNCH	TOTAL SPECIAL REVENUE
<u>ASSETS</u>			
Cash	\$ 8,664	\$ 966	\$ 9,630
Investments	-	-	-
Accounts receivable	-	-	-
Taxes receivable	-	-	-
Due from other funds	-	8,511	8,511
Due from other governments	-	3,386	3,386
Inventory	-	3,115	3,115
	<hr/>		
Total assets	\$ 8,664	\$ 15,978	\$ 24,642
	<hr/>		
<u>LIABILITIES AND FUND BALANCE</u>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ -	\$ -
Salaries payable	-	1,425	1,425
Due to other funds	-	-	-
Deferred revenue	-	5,054	5,054
	<hr/>		
Total liabilities	-	6,479	6,479
	<hr/>		
<b>Fund balance:</b>			
Reserved	-	3,115	3,115
Unreserved	8,664	6,384	15,048
	<hr/>		
Total fund balance	8,664	9,499	18,163
	<hr/>		
Total liabilities and fund balance	\$ 8,664	\$ 15,978	\$ 24,642
	<hr/>		

1997 DEBT SERVICE	2008 DEBT SERVICE	TOTAL DEBT SERVICE	CAPITAL PROJECTS	TOTAL
\$ 5,271	\$ -	\$ 5,271	\$ 42	\$ 14,943
-	-	-	-	-
-	-	-	-	-
499	-	499	-	499
183,748	-	183,748	15,000	207,259
-	-	-	-	3,386
-	-	-	-	3,115
<hr/>				
\$ 189,518	\$ -	\$ 189,518	\$ 15,042	\$ 229,202
<hr/>				
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	1,425
-	-	-	-	-
-	-	-	-	5,054
<hr/>				
-	-	-	-	6,479
<hr/>				
189,518	-	189,518	-	192,633
-	-	-	15,042	30,090
<hr/>				
189,518	-	189,518	15,042	222,723
<hr/>				
\$ 189,518	\$ -	\$ 189,518	\$ 15,042	\$ 229,202
<hr/>				

**VANDERCOOK LAKE SCHOOL DISTRICT**  
**NONMAJOR GOVERNMENTAL FUND TYPES**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	<u>ATHLETICS</u>	<u>SCHOOL LUNCH</u>	<u>TOTAL SPECIAL REVENUE</u>
<b>REVENUES:</b>			
<b>Local sources:</b>			
Property taxes	\$ -	\$ -	\$ -
Ticket sales and entry fees	59,596	-	59,596
Food sales to pupils	-	186,036	186,036
Sales - Merchandise	7,894	-	7,894
Miscellaneous	-	-	-
Interest income	-	106	106
Total revenue from local sources	67,490	186,142	253,632
<b>State sources</b>	-	26,385	26,385
<b>Federal sources</b>	-	248,620	248,620
Total revenues	67,490	461,147	528,637
<b>EXPENDITURES:</b>			
Current:			
Athletics activities	229,633	-	229,633
School Lunch activities	-	485,403	485,403
Debt Service	-	-	-
Capital outlay	13,162	-	13,162
Other	-	-	-
Total expenditures	242,795	485,403	728,198
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(175,305)	(24,256)	(199,561)
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating transfers (to) from other funds	179,913	10,000	189,913
Proceeds from sale of bonds	-	-	-
Operating transfers from other funds	179,913	10,000	189,913
<b>NET CHANGE IN FUND BALANCE</b>	4,608	(14,256)	(9,648)
<b>FUND BALANCE - Beginning</b>	4,056	23,755	27,811
<b>FUND BALANCE - Ending</b>	\$ 8,664	\$ 9,499	\$ 18,163



1997 DEBT SERVICE	2008 DEBT SERVICE	TOTAL DEBT SERVICE	CAPITAL PROJECTS	TOTAL
\$ 448,480	\$ -	\$ 448,480	\$ -	\$ 448,480
-	-	-	-	59,596
-	-	-	-	186,036
-	-	-	-	7,894
-	-	-	-	-
13,572	-	13,572	-	13,678
462,052	-	462,052	-	715,684
-	-	-	-	26,385
-	-	-	-	248,620
462,052	-	462,052	-	990,689
-	-	-	-	229,633
-	-	-	-	485,403
402,374	27,734	430,108	-	430,108
-	-	-	-	13,162
-	-	-	-	-
402,374	27,734	430,108	-	1,158,306
59,678	(27,734)	31,944	-	(167,617)
-	27,734	27,734	15,000	232,647
-	-	-	-	-
-	27,734	27,734	15,000	232,647
59,678	-	59,678	15,000	65,030
129,840	-	129,840	42	157,693
\$ 189,518	\$ -	\$ 189,518	\$ 15,042	\$ 222,723

## **GENERAL FUND**

The General Fund accounts for all transactions related to the operation of the school district, except those transactions required by law or other agreements to be entered into other funds.

The following statements of the General Fund - Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance - provide greater detail than that found in the Basic Financial Statements. This information is intended to assist in the analysis of the General Fund's finances.

**VANDERCOOK LAKE SCHOOL DISTRICT**  
**GENERAL FUND**  
**BALANCE SHEET**  
**JUNE 30, 2008**  
(WITH COMPARATIVE TOTALS FROM JUNE 30, 2007)

	<b>2008</b>	2007
<u><b>ASSETS</b></u>		
Cash and cash equivalents	\$ 1,741,705	\$ 1,603,673
Taxes receivable	2,176	1,688
Due from other funds	-	-
Due from other governments	1,739,509	1,586,672
Prepaid expenses	-	18,625
Total assets	<u>\$ 3,483,390</u>	<u>\$ 3,210,658</u>
<u><b>LIABILITIES AND FUND BALANCE</b></u>		
Liabilities:		
Accounts payable	\$ 181,124	\$ 121,525
Due to other funds	207,259	127,870
Salaries payable	702,964	722,163
Accrued expenses	394,421	397,796
Deferred revenue	36,518	16,518
Total liabilities	<u>1,522,286</u>	<u>1,385,872</u>
Fund Balance:		
Designated	104,487	60,132
Reserved	-	18,625
Unreserved	1,856,617	1,746,029
Total fund balance	<u>1,961,104</u>	<u>1,824,786</u>
Total liabilities and fund balance	<u>\$ 3,483,390</u>	<u>\$ 3,210,658</u>

**VANDERCOOK LAKE PUBLIC SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2008**  
(With comparative totals from the year ended June 30, 2007)

	<u>2008</u>	<u>2007</u>
REVENUES:		
LOCAL SOURCES:		
Property tax levy	\$ 606,303	\$ 577,502
Delinquent tax collections	3,039	3,040
Penalties and interest on delinquent taxes	4,305	4,142
Total taxes	<u>613,647</u>	<u>584,684</u>
Interest income	44,322	55,997
Other local revenues:		
Preschool tuition	3,694	11,224
Latchkey program tuition	110,558	103,422
Drivers Education fees	9,865	17,600
Rental income	15,241	13,924
Grants	28,407	-
Miscellaneous	48,687	91,122
Total Local Sources	<u>874,421</u>	<u>877,973</u>
STATE SOURCES:		
State school aid	8,946,166	9,018,572
Restricted state aid:		
<i>Durant</i> Settlement	9,137	9,137
Michigan School Readiness	122,400	63,473
At Risk	245,913	244,023
Middle School Math/Science	-	17,093
Vocational Education	24,696	24,122
Total State Sources	<u>9,348,312</u>	<u>9,376,420</u>
FEDERAL SOURCES:		
Passed through Michigan Department of Education:		
Title I	111,503	125,268
Title IIA - Improving Teacher Quality	31,177	23,313
Title V LEA Allocation	275	1,151
Service Provider Self Review	4,000	-
National School Lunch - Snacks	2,171	1,610
Technology Literacy Challenge grant	1,016	1,016
Total passed through Michigan Dept. of Education	<u>\$ 150,142</u>	<u>\$ 152,358</u>

**VANDERCOOK LAKE PUBLIC SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2008**  
(With comparative totals from the year ended June 30, 2007)

	<u>2008</u>	<u>2007</u>
REVENUES: (Continued)		
FEDERAL SOURCES: (Continued)		
Passed through the Jackson County ISD:		
FIA After School Program	\$ -	\$ -
Safe & Drug Free Schools	-	499
Total passed through Jackson County I.S.D.	<u>-</u>	<u>499</u>
 Total Federal Sources	 <u>150,142</u>	 <u>152,857</u>
 INTERDISTRICT SOURCES:		
From Jackson County I.S.D.:		
Special Education reimbursement	\$ 443,948	\$ 444,383
Career Prep	23,000	23,000
Other reimbursements	21,727	16,122
Total interdistrict revenue from Jackson County I.S.D.	<u>488,675</u>	<u>483,505</u>
 Incoming Transfers and Other Transactions:		
Sale of fixed assets	400	-
Installment purchase agreement proceeds	64,874	-
Total Other Transactions	<u>65,274</u>	<u>-</u>
 TOTAL REVENUES, INCOMING TRANSFERS AND OTHER TRANSACTIONS	 <u>\$ 10,926,824</u>	 <u>\$ 10,890,755</u>

**VANDERCOOK LAKE PUBLIC SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2008**  
(With comparative totals from the year ended June 30, 2007)

	<u>2008</u>	<u>2007</u>
EXPENDITURES:		
INSTRUCTION:		
BASIC PROGRAMS:		
Elementary:		
Professional Salaries	\$ 1,428,915	\$ 1,421,974
Non-professional Salaries	134,863	144,780
Insurances	410,908	462,201
FICA, retirement and mandatory coverages	377,450	392,329
Other benefits	3,630	2,135
Purchased services	16,873	7,669
Supplies and materials	73,042	53,078
Other	6,800	6,258
Total Elementary	<u>2,452,481</u>	<u>2,490,424</u>
Middle School/High School:		
Professional Salaries	1,934,149	1,817,169
Non-professional salaries	70,771	66,084
Insurances	530,907	550,760
FICA, retirement and mandatory coverages	492,792	475,125
Other benefits	15,900	13,649
Purchased services	48,221	51,371
Supplies and materials	113,921	122,998
Other	14,483	17,141
Total Middle School/High School	<u>3,221,144</u>	<u>3,114,297</u>
Preschool:		
Professional Salaries	59,802	54,494
Non-professional salaries	23,673	23,059
Insurances	16,401	15,744
FICA, retirement and mandatory coverages	20,398	19,616
Other benefits	-	-
Supplies and materials	2,126	5,664
Other	-	-
Total Preschool	<u>\$ 122,400</u>	<u>\$ 118,577</u>

**VANDERCOOK LAKE PUBLIC SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2008**  
(With comparative totals from the year ended June 30, 2007)

	<u>2008</u>	<u>2007</u>
EXPENDITURES: (Continued)		
INSTRUCTION: (Continued)		
BASIC PROGRAMS: (Continued)		
Summer School:		
Professional Salaries	\$ 2,616	\$ 4,968
FICA, retirement and mandatory coverages	651	1,203
Total Summer School	<u>3,267</u>	<u>6,171</u>
 TOTAL BASIC PROGRAMS	 <u>5,799,292</u>	 <u>5,729,469</u>
 INSTRUCTION - ADDED NEEDS:		
Special Education:		
Professional Salaries	524,093	443,229
Non-professional Salaries	139,460	146,301
Insurances	131,387	117,153
FICA, retirement and mandatory coverages	165,033	138,212
Other benefits	3,900	4,045
Purchased services	-	-
Supplies and materials	3,642	3,064
Other	-	-
Total Special Education	<u>967,515</u>	<u>852,004</u>
 At Risk (Compensatory Ed):		
Professional Salaries	218,404	209,408
Non-professional Salaries	59,408	50,366
Insurances	65,603	64,247
FICA, retirement and mandatory coverages	78,638	73,301
Other benefits	185	-
Supplies and materials	2,617	623
Total At - Risk	<u>424,855</u>	<u>397,945</u>

**VANDERCOOK LAKE PUBLIC SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2008**  
(With comparative totals from the year ended June 30, 2007)

	<u>2008</u>	<u>2007</u>
EXPENDITURES: (Continued.)		
INSTRUCTION - ADDED NEEDS: (Continued)		
Title I (Compensatory Education):		
Professional Salaries	\$ -	\$ 7,728
Non-professional Salaries	59,616	58,580
Insurances	90	-
FICA, retirement and mandatory coverages	3,809	9,015
Supplies and materials	150	4,475
Total Title I	<u>63,665</u>	<u>79,798</u>
 Total Added Needs	 <u>1,456,035</u>	 <u>1,329,747</u>
 TOTAL INSTRUCTION	 <u>7,255,327</u>	 <u>7,059,216</u>
 SUPPORT SERVICES:		
Pupil Services:		
Guidance:		
Professional Salaries	63,447	127,791
Non-professional salaries	-	7,150
Insurances	16,397	20,783
FICA, retirement and mandatory coverages	15,737	32,297
Other benefits	300	3,260
Purchased services	70,016	-
Supplies and materials	1,977	2,891
Other	45	2,119
Total Guidance Services	<u>167,919</u>	<u>196,291</u>
 Nursing:		
Non-professional salaries	21,813	21,386
FICA, retirement and mandatory coverages	5,341	5,395
Purchased services	-	-
Total Nursing Services	<u>\$ 27,154</u>	<u>\$ 26,781</u>



**VANDERCOOK LAKE PUBLIC SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2008**  
(With comparative totals from the year ended June 30, 2007)

	<u>2008</u>	<u>2007</u>
EXPENDITURES : (Continued)		
SUPPORT SERVICES : (Continued)		
Pupil Services: (Continued)		
Social Worker:		
Professional salaries	\$ 62,198	\$ 60,992
Insurances	16,401	16,735
FICA, retirement and mandatory coverages	15,206	15,413
Total Social Worker	<u>93,805</u>	<u>93,140</u>
 School Liasion:		
Purchased services	<u>16,556</u>	<u>16,556</u>
 Lunch and Playground Supervision:		
Non-professional salaries	33,484	33,560
FICA, retirement and mandatory coverages	8,171	8,051
Total Lunch and Playground Supervision	<u>41,655</u>	<u>41,611</u>
 Total pupil services	<u>347,089</u>	<u>374,379</u>
 Instructional Staff:		
Improvement of Instruction:		
Professional salaries	41,814	125,035
Non-professional salaries	-	10,000
FICA, retirement and mandatory coverages	10,281	31,553
Purchased services	71,869	494
Supplies	21,578	26,569
Total Improvement of Instruction	<u>\$ 145,542</u>	<u>\$ 193,651</u>

**VANDERCOOK LAKE PUBLIC SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2008**  
(With comparative totals from the year ended June 30, 2007)

	<u>2008</u>	<u>2007</u>
EXPENDITURES : (Continued)		
SUPPORT SERVICES : (Continued)		
Instructional Staff: (Continued)		
Educational Media Services:		
Professional Salaries	\$ 111,868	\$ 107,388
Non-professional Salaries	14,975	14,509
Insurances	33,736	49,347
FICA, retirement and mandatory coverages	31,202	31,251
Other benefits	-	186
Purchased services	1,030	1,031
Supplies and materials	5,405	5,349
Total Educational Media Services	<u>198,216</u>	<u>209,061</u>
 Total instructional staff support services	 <u>343,758</u>	 <u>402,712</u>
 General Administration:		
Board of Education:		
Non-professional Salaries	3,120	2,400
Purchased services	24,730	26,513
Other	8,928	11,678
Total Board of Education	<u>36,778</u>	<u>40,591</u>
 Executive Administration:		
Professional Salaries	54,894	54,894
Non-professional Salaries	38,227	69,483
Insurances	34,106	42,879
FICA, retirement and mandatory coverages	22,998	29,689
Other benefits	2,841	177
Purchased services	46,064	5,827
Supplies and materials	7,692	3,345
Other	6,613	5,001
Total Executive Administration	<u>213,435</u>	<u>211,295</u>
 Total general administration	 <u>\$ 250,213</u>	 <u>\$ 251,886</u>

**VANDERCOOK LAKE PUBLIC SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2008**  
(With comparative totals from the year ended June 30, 2007)

	<u>2008</u>	<u>2007</u>
EXPENDITURES : (Continued)		
SUPPORT SERVICES : (Continued)		
School Administration:		
Professional Salaries	\$ 318,937	\$ 382,121
Non-professional Salaries	144,118	152,178
Insurances	104,823	149,315
FICA, retirement and mandatory coverages	101,312	117,839
Other benefits	6,666	5,485
Purchased services	76,706	1,075
Supplies and materials	2,353	1,136
Other	4,261	3,042
Total School Administration	<u>759,176</u>	<u>812,191</u>
Business Services:		
Professional Salaries	44,913	44,913
Non-professional Salaries	31,277	56,849
Insurances	22,112	24,677
FICA, retirement and mandatory coverages	26,181	24,291
Other benefits	2,250	19,507
Purchased services	76,037	50,266
Supplies and materials	-	-
Other	17,294	11,619
Total Business Services	<u>220,064</u>	<u>232,122</u>
Operations and Maintenance:		
Non-professional Salaries	336,212	328,252
Insurances	110,156	124,012
FICA, retirement and mandatory coverages	87,952	81,028
Other benefits	310	4,441
Purchased services	329,506	322,066
Supplies and materials	65,864	67,471
Other	-	296
Total Operation and Maintenance	<u>\$ 930,000</u>	<u>\$ 927,566</u>

**VANDERCOOK LAKE PUBLIC SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2008**  
(With comparative totals from the year ended June 30, 2007)

	<u>2008</u>	<u>2007</u>
EXPENDITURES : (Continued)		
SUPPORT SERVICES : (Continued)		
Pupil Transportation Services:		
Non-professional Salaries	\$ 88,345	\$ 90,148
Insurances	9,668	12,654
FICA, retirement and mandatory coverages	23,699	22,902
Other benefits	-	1,029
Purchased services	13,625	22,427
Supplies and materials	39,104	30,197
Other	-	-
Total Pupil Transportation Services	<u>174,441</u>	<u>179,357</u>
 TOTAL SUPPORT SERVICES	 <u>3,024,741</u>	 <u>3,180,213</u>
 COMMUNITY SERVICES:		
Latchkey Program:		
Non-professional Salaries	72,728	84,409
FICA, retirement and mandatory coverages	18,082	21,090
Other benefits	-	132
Purchased services	-	353
Supplies	8,188	10,026
TOTAL COMMUNITY SERVICES	<u>98,998</u>	<u>116,010</u>
 CAPITAL OUTLAYS:		
Instruction:		
Elementary School (Townsend)	15,417	16,303
High School	66,117	34,015
Preschool (Michigan School Readiness Program)	-	-
Total instruction capital outlay	<u>81,534</u>	<u>50,318</u>

**VANDERCOOK LAKE PUBLIC SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2008**  
(With comparative totals from the year ended June 30, 2007)

	<u>2008</u>	<u>2007</u>
EXPENDITURES : (Continued)		
CAPITAL OUTLAYS: (Continued)		
Support Services:		
School Administration	\$ 13,910	\$ 8,959
General Administration	7,644	14,277
Construction	8,596	-
Operations and Maintenance	2,562	3,198
Transportation	64,874	-
Total support services	<u>97,586</u>	<u>26,434</u>
Community Service:		
Latchkey	<u>-</u>	<u>-</u>
TOTAL CAPITAL OUTLAY	<u>179,120</u>	<u>76,752</u>
DEBT SERVICE:		
Capital lease payments - Interest	946	1,222
Capital lease payments - Principal	4,371	4,095
Bus installment purchase payments - Interest	929	2,298
Bus installment purchase payments - Principal	21,161	42,362
TOTAL DEBT SERVICE	<u>27,407</u>	<u>49,977</u>
TOTAL EXPENDITURES	<u>10,585,593</u>	<u>10,482,168</u>
OUTGOING TRANSFERS AND OTHER TRANSACTIONS :		
Transfers Out:		
Athletics Fund	179,913	180,630
School Lunch Fund	10,000	-
Capital Projects Fund	15,000	136,031
Total Outgoing Transfers	<u>204,913</u>	<u>316,661</u>
TOTAL EXPENDITURES, OUTGOING TRANSFERS AND OTHER TRANSACTIONS	<u>10,790,506</u>	<u>10,798,829</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES, OUTGOING TRANSFERS AND OTHER TRANSACTIONS	136,318	91,926
FUND BALANCE - BEGINNING	<u>1,824,786</u>	<u>1,732,860</u>
FUND BALANCE - ENDING	<u>\$ 1,961,104</u>	<u>\$ 1,824,786</u>

## **SPECIAL REVENUE (SCHOOL SERVICE) FUNDS**

School Service Funds are used to account for activities where there is a need to determine the results of operations. Vandercook Lake Public Schools uses School Service Funds to account for Interscholastic Athletics and School Lunch operations.

The following statements of the School Service Funds - Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance - for both Athletics and School Lunch - provide detailed information for each School Service Fund to assist in the analysis of their finances.

**VANDERCOOK LAKE SCHOOL DISTRICT**  
**ATHLETICS SPECIAL REVENUE FUND**  
**BALANCE SHEET**  
**JUNE 30, 2008**  
**(WITH COMPARATIVE TOTALS FROM JUNE 30, 2007)**

	<u>2008</u>	<u>2007</u>
<u><b>ASSETS</b></u>		
Cash	\$ 8,664	\$ 4,056
Accounts receivable	-	-
Due from other funds	-	-
Due from other governments	-	-
Inventory	-	-
	<u>          </u>	<u>          </u>
Total assets	<u><u>\$ 8,664</u></u>	<u><u>\$ 4,056</u></u>
<u><b>LIABILITIES AND FUND BALANCE</b></u>		
<b>Liabilities:</b>		
Accounts payable	\$ -	\$ -
Salaries payable	-	-
Due to other funds	-	-
Deferred revenue	-	-
	<u>          </u>	<u>          </u>
Total liabilities	<u>          </u>	<u>          </u>
<b>Fund balance:</b>		
Reserved	-	-
Unreserved	8,664	4,056
	<u>          </u>	<u>          </u>
Total fund balance	<u><u>8,664</u></u>	<u><u>4,056</u></u>
	<u>          </u>	<u>          </u>
Total liabilities and fund balance	<u><u>\$ 8,664</u></u>	<u><u>\$ 4,056</u></u>

**VANDERCOOK LAKE SCHOOL DISTRICT**  
**ATHLETICS SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE**  
**FOR THE YEAR ENDED JUNE 30, 2008**  
**(WITH COMPARATIVE TOTALS FROM JUNE 30, 2007)**

	<u>2008</u>	<u>2007</u>
<b>REVENUES:</b>		
<b>Local sources:</b>		
Ticket sales and entry fees	\$ 59,596	\$ 50,590
Food sales	-	-
Sales - Merchandise	-	-
Miscellaneous	7,894	2,838
Interest income	-	-
Total revenue from local sources	<u>67,490</u>	<u>53,428</u>
<b>State sources</b>	-	-
<b>Federal sources</b>	-	-
<b>Incoming Transfers and Other Transactions:</b>		
Transfer from General Fund	<u>179,913</u>	<u>180,630</u>
Total revenues	<u>247,403</u>	<u>234,058</u>
 <b>EXPENDITURES:</b>		
Salaries - Non-professional	131,893	132,889
Insurances	-	-
FICA, retirement and mandatory coverages	32,520	33,741
Other Benefits	-	-
Purchased services	58,030	49,582
Supplies and materials	7,190	11,312
Other Expenses - Miscellaneous	-	1,245
Total athletics expenditures	<u>229,633</u>	<u>228,769</u>
Capital outlay	<u>13,162</u>	<u>2,125</u>
Total expenditures	<u>242,795</u>	<u>230,894</u>
<b>EXCESS OF REVENUES OVER (UNDER)</b>		
<b>EXPENDITURES</b>	4,608	3,164
 <b>FUND BALANCE - Beginning</b>	<u>4,056</u>	<u>892</u>
 <b>FUND BALANCE - Ending</b>	<u><u>\$ 8,664</u></u>	<u><u>\$ 4,056</u></u>



**VANDERCOOK LAKE SCHOOL DISTRICT**  
**SCHOOL LUNCH SPECIAL REVENUE FUND**  
**BALANCE SHEET**  
**JUNE 30, 2008**  
**(WITH COMPARATIVE TOTALS FROM JUNE 30, 2007)**

	<u>2008</u>	<u>2007</u>
<u><b>ASSETS</b></u>		
Cash	\$ 966	\$ 15,103
Accounts receivable	-	-
Due from other funds	8,511	2,781
Due from other governments	3,386	-
Inventory	<u>3,115</u>	<u>5,871</u>
Total assets	<u><u>\$ 15,978</u></u>	<u><u>\$ 23,755</u></u>
<u><b>LIABILITIES AND FUND BALANCE</b></u>		
<b>Liabilities:</b>		
Accounts payable	\$ -	\$ -
Salaries payable	1,425	-
Due to other funds	-	-
Deferred revenue	<u>5,054</u>	<u>-</u>
Total liabilities	<u><u>6,479</u></u>	<u><u>-</u></u>
<b>Fund balance:</b>		
Reserved	3,115	5,871
Unreserved	<u>6,384</u>	<u>17,884</u>
Total fund balance	<u><u>9,499</u></u>	<u><u>23,755</u></u>
Total liabilities and fund balance	<u><u>\$ 15,978</u></u>	<u><u>\$ 23,755</u></u>

**VANDERCOOK LAKE SCHOOL DISTRICT**  
**SCHOOL LUNCH SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE**  
**FOR THE YEAR ENDED JUNE 30, 2008**  
**(WITH COMPARATIVE TOTALS FROM JUNE 30, 2007)**

	<u>2008</u>	<u>2007</u>
<b>REVENUES:</b>		
<b>Local sources:</b>		
Ticket sales and entry fees	\$ -	\$ -
Food sales	186,036	185,304
Sales - Merchandise	-	-
Miscellaneous	-	5,255
Interest income	106	105
Total revenue from local sources	<u>186,142</u>	<u>190,664</u>
<b>State sources</b>	26,385	24,200
<b>Federal sources</b>	248,620	241,604
<b>Incoming Transfers and Other Transactions:</b>		
Transfer from General Fund	10,000	-
Total revenues	<u>471,147</u>	<u>456,468</u>
 <b>EXPENDITURES:</b>		
Salaries - Non-professional	164,332	164,706
Insurances	15,445	16,872
FICA & Retirement	45,146	41,649
Other Benefits	10	3,342
Purchased Services	16,310	15,580
Supplies and Materials	241,503	214,353
Other Expenses - Miscellaneous	2,657	1,886
Total Food Services expenditures	<u>485,403</u>	<u>458,388</u>
Capital outlay	-	-
Total expenditures	<u>485,403</u>	<u>458,388</u>
<b>EXCESS OF REVENUES OVER (UNDER)</b>		
<b>EXPENDITURES</b>	(14,256)	(1,920)
 <b>FUND BALANCE - Beginning</b>	<u>23,755</u>	<u>25,675</u>
 <b>FUND BALANCE - Ending</b>	<u><u>\$ 9,499</u></u>	<u><u>\$ 23,755</u></u>

## **DEBT SERVICE FUND FINANCIAL STATEMENTS**

The receipt of funds for the payment of interest, principal, and other expenses on long-term bonded debt are recorded in the Debt Service Funds. Primary sources of revenue for these funds is debt retirement property tax levies, restricted state aid, and interest earned on the investment of surplus funds.

The following statements of the 1997 and 2008 Debt Service Funds - Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance - provide additional detail to assist in the analysis of the Funds' finances.

**VANDERCOOK LAKE SCHOOL DISTRICT**  
**1997 DEBT SERVICE FUND**  
**BALANCE SHEET**  
**JUNE 30, 2008**  
**(WITH COMPARATIVE TOTALS FROM JUNE 30, 2007)**

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 5,271	\$ 4,354
Interest receivable	-	-
Taxes receivable	499	397
Due from other funds	183,748	125,089
Due from other governments	-	-
	<u>-</u>	<u>-</u>
Total assets	<u>\$ 189,518</u>	<u>\$ 129,840</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<b>Liabilities:</b>		
Accounts payable	\$ -	\$ -
Matured interest payable	-	-
	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>
<b>Fund Balance:</b>		
Fund balance - Reserved	<u>189,518</u>	<u>129,840</u>
Total liabilities and fund balance	<u>\$ 189,518</u>	<u>\$ 129,840</u>

**VANDERCOOK LAKE SCHOOL DISTRICT**  
**1997 DEBT SERVICE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED JUNE 30, 2008**  
**(WITH COMPARATIVE TOTALS FROM JUNE 30, 2007)**

	<u>2008</u>	<u>2007</u>
<b>REVENUES:</b>		
<b>Revenue from local sources:</b>		
Property tax	\$ 444,707	\$ 418,582
Industrial facilities tax	1,583	4,064
Penalties and interest on delinquent taxes	2,190	2,851
Total taxes	<u>448,480</u>	425,497
Interest income	13,572	190
Other	-	-
Total revenues from local sources	<u>462,052</u>	425,687
<b>Revenue from state sources:</b>		
State Aid - Durant debt service	-	-
<b>Other transactions:</b>		
Transfers from other funds	-	-
Total revenues	<u>462,052</u>	425,687
<b>EXPENDITURES:</b>		
<b>Debt Service:</b>		
Redemption on principal	230,000	220,000
Interest on debt	172,038	177,538
Miscellaneous expense	336	225
Total debt service expenditures	<u>402,374</u>	397,763
<b>Other Transactions:</b>		
Payment to refunded bond paying agent	-	-
Bond issuance costs	-	-
Total other transactions	<u>-</u>	-
Total expenditures	<u>402,374</u>	397,763
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>59,678</b>	27,924
<b>FUND BALANCE - Beginning</b>	<u>129,840</u>	101,916
<b>FUND BALANCE - Ending</b>	<u><u>\$ 189,518</u></u>	<u><u>\$ 129,840</u></u>

**VANDERCOOK LAKE SCHOOL DISTRICT**  
**2008 DEBT SERVICE FUND**  
**BALANCE SHEET**  
**JUNE 30, 2008**  
**(WITH COMPARATIVE TOTALS FROM JUNE 30, 2007)**

	<u>2008</u>	<u>2007</u>
<u><b>ASSETS</b></u>		
Cash and cash equivalents	\$ -	\$ -
Interest receivable	-	-
Taxes receivable	-	-
Due from other funds	-	-
Due from other governments	-	-
	<hr/>	<hr/>
Total assets	<u>\$ -</u>	<u>\$ -</u>
 <u><b>LIABILITIES AND FUND BALANCE</b></u>		
<b>Liabilities:</b>		
Accounts payable	\$ -	\$ -
Matured interest payable	-	-
	<hr/>	<hr/>
Total liabilities	<hr/> -	<hr/> -
<b>Fund Balance:</b>		
Fund balance - Reserved	<hr/> -	<hr/> -
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ -</u>

**VANDERCOOK LAKE SCHOOL DISTRICT**  
**2008 DEBT SERVICE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED JUNE 30, 2008**  
**(WITH COMPARATIVE TOTALS FROM JUNE 30, 2007)**

	<u>2008</u>	<u>2007</u>
<b>REVENUES:</b>		
<b>Revenue from local sources:</b>		
Property tax	\$ -	\$ -
Industrial facilities tax	-	-
Penalties and interest on delinquent taxes	-	-
Total taxes	-	-
Interest income	-	-
Other	-	-
Total revenues from local sources	-	-
<b>Revenue from state sources:</b>		
State Aid - Durant debt service	-	-
<b>Other transactions:</b>		
Transfers from other funds	27,734	-
Total revenues	<u>27,734</u>	<u>-</u>
<b>EXPENDITURES:</b>		
<b>Debt Service:</b>		
Redemption on principal	-	-
Interest on debt	27,484	-
Miscellaneous expense	250	-
Total debt service expenditures	<u>27,734</u>	<u>-</u>
<b>Other Transactions:</b>		
Payment to refunded bond paying agent	-	-
Bond issuance costs	-	-
Total other transactions	<u>-</u>	<u>-</u>
Total expenditures	<u>27,734</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	-
<b>FUND BALANCE - Beginning</b>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - Ending</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

## **CAPITAL PROJECTS FUND FINANCIAL STATEMENTS**

Capital Projects Funds are used to account for the receipt and disbursement of monies used for the acquisition of capital assets. Vandercook Lake Public Schools maintains two such funds.

**Capital Projects Fund** - This fund was established by Vandercook Lake Public Schools for the purpose of funding capital outlays and major, nonrecurring repairs.

The following statements of the Capital Projects Fund - Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance - provide additional detail to assist in the analysis of the Fund's finances.

**2008 School Building and Site Bonds Capital Projects Fund** - This fund was established by the Vandercook Lake Public Schools to account for the use of the proceeds from the 2008 School Building and Site Construction bonds.

The following statements of the 2008 Building and Site Bonds Capital Projects Fund - Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance - provide additional detail to assist in the analysis of the Fund's finances.



**VANDERCOOK LAKE PUBLIC SCHOOLS**  
**CAPITAL PROJECTS FUND**  
**BALANCE SHEET**  
**JUNE 30, 2008**  
(With comparative totals from June 30, 2007)

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 42	\$ 42
Investments	-	-
Due from other funds	<u>15,000</u>	<u>-</u>
Total assets	<u><u>\$ 15,042</u></u>	<u><u>\$ 42</u></u>
<b>LIABILITIES AND FUND EQUITY</b>		
<b>Liabilities:</b>		
Due to other funds	\$ -	\$ -
Accounts payable	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>
FUND EQUITY	<u>15,042</u>	<u>42</u>
Total liabilities and fund equity	<u><u>\$ 15,042</u></u>	<u><u>\$ 42</u></u>

**VANDERCOOK LAKE PUBLIC SCHOOLS**  
**CAPITAL PROJECTS FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED JUNE 30, 2008**  
(With comparative totals for the year ended June 30, 2007)

	<u>2008</u>	<u>2007</u>
REVENUES -		
Local Sources - Interest income	\$ -	\$ -
OTHER FINANCING SOURCES:		
Transfers In - General Fund	15,000	136,031
Proceeds from the sale of bonds	-	-
Total other financing sources	<u>15,000</u>	<u>136,031</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>15,000</u>	<u>136,031</u>
EXPENDITURES:		
Capital Outlay-		
Land acquisition	-	-
Professional services	-	-
Building improvements	-	122,631
Improvements other than buildings	-	-
Furniture and equipment	-	13,404
Total capital outlay	<u>-</u>	<u>136,035</u>
Miscellaneous:		
Bond discounts	-	-
Bond issue costs	-	-
Other	-	-
Total miscellaneous	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>136,035</u>
OTHER FINANCING USES:		
Transfer to other funds	-	-
Total Expenditures and Other Financing Uses	<u>-</u>	<u>136,035</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	15,000	(4)
FUND BALANCE - BEGINNING	<u>42</u>	<u>46</u>
FUND BALANCE - ENDING	<u><u>\$ 15,042</u></u>	<u><u>\$ 42</u></u>

**VANDERCOOK LAKE PUBLIC SCHOOLS**  
**2008 SCHOOL BUILDING & SITE BONDS CAPITAL PROJECTS FUND**  
**BALANCE SHEET**  
**JUNE 30, 2008**  
(With comparative totals from June 30, 2007)

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 4,137,450	\$ -
Investments	-	-
Due from other funds	-	-
	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 4,137,450</u>	<u>\$ -</u>
 <b>LIABILITIES AND FUND EQUITY</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 239,929	\$ -
Due to other funds	-	-
Total liabilities	<u>239,929</u>	<u>-</u>
 <b>FUND EQUITY</b>	 <u>3,897,521</u>	 <u>-</u>
Total liabilities and fund equity	<u>\$ 4,137,450</u>	<u>\$ -</u>

**VANDERCOOK LAKE PUBLIC SCHOOLS**  
**2008 SCHOOL BUILDING & SITE BONDS CAPITAL PROJECTS FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED JUNE 30, 2008**  
(With comparative totals for the year ended June 30, 2007)

	<u>2008</u>	<u>2007</u>
REVENUES -		
Local Sources - Interest income	\$ 30,652	\$ -
OTHER FINANCING SOURCES:		
Transfers in - General Fund	-	-
Proceeds from the sale of bonds	4,535,000	-
Total other financing sources	4,535,000	-
TOTAL REVENUES AND OTHER FINANCING SOURCES	4,565,652	-
EXPENDITURES:		
Capital Outlay-		
Construction management services	145,550	-
Architect's services	218,383	-
Building improvements	175,079	-
Improvements other than buildings	-	-
Furniture and equipment	-	-
Total capital outlay	539,012	-
Miscellaneous:		
Bond discounts	43,157	-
Bond issue costs	58,219	-
Other	9	-
Total miscellaneous	101,385	-
Total Expenditures	640,397	-
OTHER FINANCING USES:		
Transfer to 2008 Debt Service Fund	27,734	-
Total Expenditures and Other Financing Uses	668,131	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	3,897,521	-
FUND BALANCE - BEGINNING	-	-
FUND BALANCE - ENDING	\$ 3,897,521	\$ -

## **FIDUCIARY FUND FINANCIAL STATEMENTS**

### **STUDENT ACTIVITY AGENCY FUND**

Agency funds are custodial in nature. They are used to report assets received and disbursed by student and other school groups. The District acts as a receiving and paying agent for these groups

Agency Funds do not generate revenue and expenditure transactions, as the District is not conducting operations. Consequently, this fund reports assets and liabilities; it does not report equity. The District has one Agency Fund, recording receipts and disbursements for various student and other school groups.

The following information - Balance Sheet and Schedule of Receipts and Disbursements - is presented to assist in the analysis of the volume of activity conducted by student and other school groups.

**VANDERCOOK LAKE SCHOOL DISTRICT**  
**FIDUCIARY FUND - STUDENT ACTIVITY FUND**  
**BALANCE SHEET**  
**JUNE 30, 2008**  
**(WITH COMPARATIVE TOTALS FROM JUNE 30, 2007)**

**ASSETS**

	<u><b>2008</b></u>	<u>2007</u>
Cash	\$ <b>117,542</b>	\$ 75,437
Accounts Receivable	-	-
Due from other funds	-	-
Total Assets	<u><b>\$ 117,542</b></u>	<u><b>\$ 75,437</b></u>

**LIABILITIES**

Due to other funds	\$ -	\$ -
Due to student and other groups	<b>117,542</b>	75,437
Total Liabilities	<u><b>\$ 117,542</b></u>	<u><b>\$ 75,437</b></u>

**VANDERCOOK LAKE SCHOOL DISTRICT**  
**FUDUCIARY FUND - STUDENT ACTIVITY AGENCY FUND**  
**SCHEDULE OF RECEIPTS AND DISBURSEMENTS BY ACTIVITY**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	BALANCE 6/30/2007	DEPOSITS	CHECKS	BALANCE 6/30/2008
<b>Assets:</b>				
Cash - Checking	\$ 75,437	\$ 939,678	\$ 897,573	\$ 117,542
<b>Liabilities:</b>				
Due To Student and Other Groups:				
All Purpose	(4,423)	450,875	438,457	7,995
Alumni Composites	-	217	-	217
Art Club	300	30	165	165
Athletic Boosters	7,603	71,327	66,038	12,892
Brickyard	-	26,794	7,788	19,006
VCL Summer Rec Little League	-	50	-	50
Baseball	1,403	6,788	7,812	379
Basketball	1,425	4,165	3,960	1,630
Bowling	52	1,345	540	857
Cafeteria	875	14	-	889
Cheerleading	219	5,776	5,223	772
Youth Cheerleading	-	320	313	7
Class of 1961	344	-	344	-
Class of 2003	477	-	477	-
Class of 2005	1,029	31	-	1,060
Class of 2006	78	-	-	78
Class of 2007	1,439	398	1,689	148
Class of 2008	2,756	166	2,834	88
Eighth Grade	328	100	203	225
Seventh Grade	158	74	-	232
Sixth Grade	362	6,179	6,091	450
Class of 2009	1,505	3,198	2,289	2,414
Class of 2010	153	633	617	169
Class of 2011	-	941	249	692
Class of 2012	-	225	-	225
Coaches	554	6,683	5,405	1,832
Dramatics	265	3,239	3,421	83
Elementary (PTO)	7,047	40,271	34,720	12,598
Elementary Library	1,300	11,100	8,326	4,074
Electronic Sign	2,539	-	-	2,539
FAIM-Parent Middle School	191	59	-	250
Football	1,302	18,785	17,574	2,513
Youth Football	7,622	8,085	11,050	4,657
Subtotal - Carryforward	\$ 36,903	\$ 667,868	\$ 625,585	\$ 79,186

**VANDERCOOK LAKE SCHOOL DISTRICT**  
**FUDUCIARY FUND - STUDENT ACTIVITY AGENCY FUND**  
**SCHEDULE OF RECEIPTS AND DISBURSEMENTS BY ACTIVITY**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	BALANCE 6/30/2007	DEPOSITS	CHECKS	BALANCE 6/30/2008
<b>Liabilities: (Continued)</b>				
Due To Student and Other Groups: (Continued)	\$ 36,903	\$ 667,868	\$ 625,585	\$ 79,186
Girls' Basketball	319	6,371	3,320	3,370
Golf	317	-	189	128
Student Support Fund	-	1,447	550	897
Student/Staff Appreciation	921	195	826	290
High School Student Council	1,224	3,221	3,638	807
High School office	57	-	-	57
Honor Society	140	1,319	1,420	39
Jackson Community Foundation	6,085	5,796	8,800	3,081
McDevitt Child Care	(2,204)	112,210	118,252	(8,246)
Middle School Student Council	1,579	4,945	5,484	1,040
Multi-Cultural Club	48	-	48	-
Band	-	449	268	181
Music Boosters	10,510	45,632	41,607	14,535
Music Boosters Trip	7,795	10,526	5,305	13,016
Quiz Bowl	162	-	-	162
Respect	444	427	247	624
Reviewer	1,017	8,608	9,691	(66)
Revolving	2,618	8,138	9,800	956
Revolving-insurance	(4,796)	26,645	26,381	(4,532)
SADD	24	10,871	10,863	32
Science	659	-	-	659
Teamworks	704	543	1,199	48
Industrial Arts	244	-	54	190
Softball	210	1,031	1,293	(52)
Foreign Language Club	82	48	25	105
STAND	352	835	745	442
Teacher Sunshine Fund	569	807	456	920
Townsend Student Council	2,172	6,283	5,579	2,876
Track	3,394	8,125	8,938	2,581
Vocal Music	410	-	-	410
Volleyball	2,610	6,196	5,942	2,864
Wrestling	130	-	130	-
Girls' Track	738	1,107	938	907
Zelma Rifkin Scholarship	-	35	-	35
Total - Due to Student and Other Groups	\$ 75,437	\$ 939,678	\$ 897,573	\$ 117,542



## **ADDITIONAL INFORMATION**

### **SCHEDULES**

Tax Levy and Collection Recap - Summer 2007 Levy

2004 Refunding Bond Amortization Schedule

2008 School Building and Site Bond Amortization Schedule

1998 School Improvement (*Durant* ) Bond Amortization Schedule

2003 County National Bank Installment Purchase Agreement Amortization Schedule

2006 Ford Motor Credit Capital Lease Amortization Schedule

2008 County National Bank Installment Purchase Agreement Amortization Schedule

# VANDERCOOK LAKE PUBLIC SCHOOLS

## TAX LEVY AND COLLECTION RECAP - SUMMER 2007 TAX LEVY FOR THE YEAR ENDED JUNE 30, 2008

	<u>TAXABLE VALUE</u>	<u>MILLAGE RATE (Per \$1,000)</u>	<u>TOTAL LEVY</u>	<u>CURRENT COLLECTIONS</u>
<u>General Operating:</u>				
Non-homestead property	<u>\$ 34,810,396</u>	17.4174	<u>\$ 606,303</u>	<u>\$ 535,252</u>
<u>Debt Service:</u>				
Homestead property	\$ 71,074,535			
Non-homestead property	<u>34,810,396</u>			
Total levy	<u>\$ 105,884,931</u>	4.2000	<u>\$ 444,707</u>	<u>\$ 408,549</u>
Industrial Facilities Tax	<u>\$ 753,800</u>	2.1000	<u>\$ 1,583</u>	<u>\$ 1,583</u>

**VANDERCOOK LAKE PUBLIC SCHOOLS**

**TAX LEVY AND COLLECTION RECAP - SUMMER 2007 TAX LEVY  
FOR THE YEAR ENDED JUNE 30, 2008**

	DELINQUENTS PAID BY COUNTY	TOTAL	ADJUSTMENTS	RECEIVABLE BALANCE
<u>General Operating:</u>				
Non-homestead property	\$ 68,745	\$ 603,997	\$ (130)	\$ 2,176
<u>Debt Service:</u>				
Homestead property				
Non-homestead property				
Total levy	\$ 35,602	\$ 444,151	\$ (57)	\$ 499
Industrial Facilities Tax	\$ -	\$ 1,583	\$ -	\$ -

Adjustments include interest added to delinquent amounts and the write off of uncollected amounts.

# VANDERCOOK LAKE PUBLIC SCHOOLS

## 2004 \$4,815,000 REFUNDING BONDS AMORTIZATION SCHEDULE

<u>PAYMENT</u> <u>DATE</u>	<u>INTEREST</u> <u>RATE</u>	<u>PRINCIPAL</u> <u>DUE</u>	<u>INTEREST</u> <u>DUE</u>	<u>TOTAL</u> <u>PAYMENT</u>	<u>FISCAL YR</u> <u>TOTAL</u>	<u>BALANCE</u>
8/31/2004						\$4,815,000.00
5/1/2005	2.000%	\$ 55,000.00	\$ 120,592.05	\$ 175,592.05	\$ 175,592.05	4,760,000.00
11/1/2005		-	89,518.75	89,518.75		
5/1/2006	2.500%	60,000.00	89,518.75	149,518.75	239,037.50	4,700,000.00
11/1/2006		-	88,768.75	88,768.75		
5/1/2007	2.500%	220,000.00	88,768.75	308,768.75	397,537.50	4,480,000.00
11/1/2007		-	86,018.75	86,018.75		
5/1/2008	2.750%	230,000.00	86,018.75	316,018.75	402,037.50	4,250,000.00
11/1/2008		-	82,856.25	82,856.25		
5/1/2009	3.000%	240,000.00	82,856.25	322,856.25	405,712.50	4,010,000.00
11/1/2009		-	79,256.25	79,256.25		
5/1/2010	3.250%	250,000.00	79,256.25	329,256.25	408,512.50	3,760,000.00
11/1/2010		-	75,193.75	75,193.75		
5/1/2011	3.500%	255,000.00	75,193.75	330,193.75	405,387.50	3,505,000.00
11/1/2011		-	70,731.25	70,731.25		
5/1/2012	3.750%	265,000.00	70,731.25	335,731.25	406,462.50	3,240,000.00
11/1/2012		-	65,762.50	65,762.50		
5/1/2013	3.600%	275,000.00	65,762.50	340,762.50	406,525.00	2,965,000.00
11/1/2013		-	60,812.50	60,812.50		
5/1/2014	3.700%	285,000.00	60,812.50	345,812.50	406,625.00	2,680,000.00
11/1/2014		-	55,540.00	55,540.00		
5/1/2015	3.850%	295,000.00	55,540.00	350,540.00	406,080.00	2,385,000.00
11/1/2015		-	49,861.25	49,861.25		
5/1/2016	3.900%	310,000.00	49,861.25	359,861.25	409,722.50	2,075,000.00
11/1/2016		-	43,816.25	43,816.25		
5/1/2017	4.000%	320,000.00	43,816.25	363,816.25	407,632.50	1,755,000.00
11/1/2017		-	37,416.25	37,416.25		
5/1/2018	4.050%	335,000.00	37,416.25	372,416.25	409,832.50	1,420,000.00
11/1/2018		-	30,632.50	30,632.50		
5/1/2019	4.150%	345,000.00	30,632.50	375,632.50	406,265.00	1,075,000.00
11/1/2019		-	23,473.75	23,473.75		
5/1/2020	4.250%	355,000.00	23,473.75	378,473.75	401,947.50	720,000.00
11/1/2020		-	15,930.00	15,930.00		
5/1/2021	4.400%	360,000.00	15,930.00	375,930.00	391,860.00	360,000.00
11/1/2021		-	8,010.00	8,010.00		
5/1/2022	4.450%	360,000.00	8,010.00	368,010.00	376,020.00	-
		<u>\$ 4,815,000.00</u>	<u>\$ 2,047,789.55</u>	<u>\$6,862,789.55</u>	<u>\$6,862,789.55</u>	

**VANDERCOOK LAKE PUBLIC SCHOOLS**

**2008 \$4,535,000 SCHOOL BONDS AMORTIZATION SCHEDULE**

<u>PAYMENT</u> <u>DATE</u>	<u>INTEREST</u> <u>RATE</u>	<u>PRINCIPAL</u> <u>DUE</u>	<u>INTEREST</u> <u>DUE</u>	<u>TOTAL</u> <u>PAYMENT</u>	<u>FISCAL YR</u> <u>TOTAL</u>	<u>BALANCE</u>
3/6/2008		\$ -	\$ -	\$ -		\$ 4,535,000.00
5/1/2008	0.000%	-	27,483.96	27,483.96	\$ 27,483.96	4,535,000.00
11/1/2008		-	89,947.50	89,947.50		
5/1/2009	0.000%	-	89,947.50	89,947.50	179,895.00	4,535,000.00
11/1/2009		-	89,947.50	89,947.50		
5/1/2010	3.000%	25,000.00	89,947.50	114,947.50	204,895.00	4,510,000.00
11/1/2010		-	89,572.50	89,572.50		
5/1/2011	3.000%	25,000.00	89,572.50	114,572.50	204,145.00	4,485,000.00
11/1/2011		-	89,197.50	89,197.50		
5/1/2012	3.000%	25,000.00	89,197.50	114,197.50	203,395.00	4,460,000.00
11/1/2012		-	88,822.50	88,822.50		
5/1/2013	3.000%	55,000.00	88,822.50	143,822.50	232,645.00	4,405,000.00
11/1/2013		-	87,997.50	87,997.50		
5/1/2014	3.250%	60,000.00	87,997.50	147,997.50	235,995.00	4,345,000.00
11/1/2014		-	87,022.50	87,022.50		
5/1/2015	3.250%	60,000.00	87,022.50	147,022.50	234,045.00	4,285,000.00
11/1/2015		-	86,047.50	86,047.50		
5/1/2016	3.500%	60,000.00	86,047.50	146,047.50	232,095.00	4,225,000.00
11/1/2016		-	84,997.50	84,997.50		
5/1/2017	3.500%	65,000.00	84,997.50	149,997.50	234,995.00	4,160,000.00
11/1/2017		-	83,860.00	83,860.00		
5/1/2018	3.500%	65,000.00	83,860.00	148,860.00	232,720.00	4,095,000.00
11/1/2018		-	82,722.50	82,722.50		
5/1/2019	0.000%	-	82,722.50	82,722.50	165,445.00	4,095,000.00
11/1/2019		-	82,722.50	82,722.50		
5/1/2020	0.000%	-	82,722.50	82,722.50	165,445.00	4,095,000.00
11/1/2020		-	82,722.50	82,722.50		
5/1/2021	0.000%	-	82,722.50	82,722.50	165,445.00	4,095,000.00
11/1/2021		-	82,722.50	82,722.50		
5/1/2022	4.000%	365,000.00	82,722.50	447,722.50	530,445.00	3,730,000.00
11/1/2022		-	75,422.50	75,422.50		
5/1/2023	0.000%	-	75,422.50	75,422.50	150,845.00	3,730,000.00
11/1/2023		-	75,422.50	75,422.50		
5/1/2024	4.000%	635,000.00	75,422.50	710,422.50	785,845.00	3,095,000.00
11/1/2024		-	62,722.50	62,722.50		
5/1/2025	0.000%	-	62,722.50	62,722.50	125,445.00	3,095,000.00
11/1/2025		-	62,722.50	62,722.50		
5/1/2026	4.000%	695,000.00	62,722.50	757,722.50	820,445.00	2,400,000.00
11/1/2026		-	48,822.50	48,822.50		
5/1/2027	0.000%	-	48,822.50	48,822.50	97,645.00	2,400,000.00
11/1/2027		-	48,822.50	48,822.50		
5/1/2028	4.000%	755,000.00	48,822.50	803,822.50	852,645.00	1,645,000.00
11/1/2028		-	33,722.50	33,722.50		
5/1/2029	0.000%	-	33,722.50	33,722.50	67,445.00	1,645,000.00
11/1/2029		-	33,722.50	33,722.50		
5/1/2030	4.100%	815,000.00	33,722.50	848,722.50	882,445.00	830,000.00
11/1/2030		-	17,015.00	17,015.00		
5/1/2031	0.000%	-	17,015.00	17,015.00	34,030.00	830,000.00
11/1/2031		-	17,015.00	17,015.00		
5/1/2032	4.100%	830,000.00	17,015.00	847,015.00	864,030.00	-
		<u>4,535,000.00</u>	<u>3,394,908.96</u>	<u>7,929,908.96</u>	<u>7,929,908.96</u>	

# VANDERCOOK LAKE PUBLIC SCHOOLS

## 1998 SCHOOL IMPROVEMENT BONDS (*DURANT* BONDS) AMORTIZATION SCHEDULE

PAYMENT DATE	INTEREST RATE	PRINCIPAL DUE	INTEREST DUE	TOTAL PAYMENT	PRINCIPAL BALANCE
1999					91,366.00
1999	4.761%	9,365.25	2,066.37	11,431.62	82,000.75
2000	4.761%	7,516.82	3,904.35	11,421.17	74,483.93
2001	4.761%	7,870.96	3,546.44	11,417.40	66,612.97
2002	4.761%	8,242.26	3,171.68	11,413.94	58,370.71
2003	4.761%	-	-	-	58,370.71
2004	4.761%	-	-	-	58,370.71
2005	4.761%	-	-	-	58,370.71
2006	4.761%	20,923.46	9,353.77	30,277.23	37,447.25
2007	4.761%	-	-	-	37,447.25
2008	4.761%	-	-	-	37,447.25
2009	4.761%	1,739.37	4,676.79	6,416.16	35,707.88
2010	4.761%	5,326.67	1,089.25	6,415.92	30,381.21
2011	4.761%	18,411.43	835.63	19,247.06	11,969.78
2012	4.761%	5,845.76	569.92	6,415.68	6,124.02
2013	4.761%	6,124.02	291.59	6,415.61	(0.00)
		<u>91,366.00</u>	<u>29,505.78</u>	<u>120,871.78</u>	

**VANDERCOOK LAKE PUBLIC SCHOOLS****2003 COUNTY NATIONAL BANK INSTALLMENT PURCHASE  
AGREEMENT AMORTIZATION SCHEDULE**

<u>PAYMENT DATE</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL DUE</u>	<u>INTEREST DUE</u>	<u>TOTAL PAYMENT</u>	<u>PRINCIPAL BALANCE</u>
7/15/2003					\$ 103,600.00
7/15/2004	2.140%	\$ 19,835.54	\$ 2,253.99	\$ 22,089.53	83,764.46
7/15/2005	2.140%	20,273.26	1,816.27	22,089.53	63,491.20
7/15/2006	2.140%	20,715.57	1,373.96	22,089.53	42,775.63
7/15/2007	2.140%	21,161.42	928.11	22,089.53	21,614.21
7/15/2008	2.140%	21,614.21	475.32	22,089.53	-
		<u>\$ 103,600.00</u>	<u>\$ 6,847.65</u>	<u>\$ 110,447.65</u>	

# VANDERCOOK LAKE PUBLIC SCHOOLS

## 2006 FORD MOTOR CREDIT CAPITAL LEASE AMORTIZATION SCHEDULE

PAYMENT DATE	INTEREST RATE	PRINCIPAL DUE	INTEREST DUE	TOTAL PAYMENT	PRINCIPAL BALANCE
12/8/2005					\$ 23,430.00
12/8/2005	6.750%	\$ 5,317.25	\$ -	\$ 5,317.25	18,112.75
12/8/2006	6.750%	4,094.64	9,353.77	13,448.41	14,018.11
12/8/2007	6.750%	4,371.03	1,783.00	6,154.03	9,647.08
12/8/2008	6.750%	4,666.07	1,562.45	6,228.52	4,981.01
12/8/2009	6.750%	4,981.01	291.60	5,272.61	0.00
		<u>\$ 23,430.00</u>	<u>\$ 12,990.82</u>	<u>\$ 36,420.82</u>	



**VANDERCOOK LAKE PUBLIC SCHOOLS****2008 COUNTY NATIONAL BANK INSTALLMENT PURCHASE  
AGREEMENT AMORTIZATION SCHEDULE**

<u>PAYMENT DATE</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL DUE</u>	<u>INTEREST DUE</u>	<u>TOTAL PAYMENT</u>	<u>PRINCIPAL BALANCE</u>
5/20/2008					\$ 64,874.00
7/15/2009	3.290%	\$ 11,892.10	\$ 2,460.44	\$ 14,352.54	52,981.90
7/15/2010	3.290%	12,609.44	1,743.10	14,352.54	40,372.46
7/15/2011	3.290%	13,024.29	1,328.25	14,352.54	27,348.17
7/15/2012	3.290%	13,452.79	899.75	14,352.54	13,895.38
7/15/2013	3.290%	13,895.38	457.16	14,352.54	(0.00)
		<u>\$ 64,874.00</u>	<u>\$ 6,888.70</u>	<u>\$ 71,762.70</u>	

REQUIRED REPORT UNDER *GOVERNMENT AUDITING STANDARDS*

# MARKOWSKI & COMPANY

## CERTIFIED PUBLIC ACCOUNTANTS

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ESTATE PLANNING COUNCIL OF  
SOUTH CENTRAL MICHIGAN

RONALD L MARKOWSKI, C.P.A.

DOUGLAS E. ATKINS, C.P.A.

SCOTT O. McLANE

RANDALL D. BIDDIX, C.P.A.

### RETIRED PARTNER:

K. LAVERNE MARKOWSKI, C.P.A. (1961 – 2006)

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

To the Board of Education  
Vandercook Lake Public Schools  
Jackson, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Vandercook Lake Public Schools (the “District”), as of and for the year ended June 30, 2008, which collectively comprise the District’s basic financial statements and have issued our report thereon dated November 7, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Vandercook Lake Public Schools’ internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Vandercook Lake Public Schools’ internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Vandercook Lake Public Schools’ internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we considered to be a significant deficiency.

Report on Internal Control Over Financial Reporting  
And on Compliance and Other Matters Based on  
An Audit of Financial Statements Performed in  
Accordance With *Government Auditing Standards*  
Vandercook Lake Public Schools  
Page Two

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiency described in the accompanying Schedule of Findings and Responses to be a significant deficiency in internal control over financial reporting.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We believe that finding 2008-1 is a material weakness.

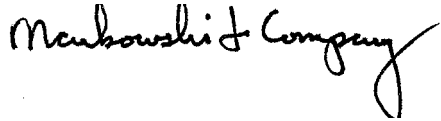
**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Vandercook Lake Public Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Vandercook Lake Public Schools' response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Districts' response and, accordingly, we express no opinion on it.

Report on Internal Control Over Financial Reporting  
And on Compliance and Other Matters Based on  
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Vandercook Lake Public Schools  
Page Two

This report is intended solely for the information and use of the Board of Education, its finance committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Markowski & Company". The signature is written in a cursive, flowing style.

**MARKOWSKI & COMPANY CPAs**  
November 7, 2008

**VANDERCOOK LAKE PUBLIC SCHOOLS**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED JUNE 30, 2008**

**Finding 2008-1 – Oversight of Journal Entries**

During our audit, inquiries revealed that the Business Manager prepares and posts all journal entries to the general ledger without independent review or approval. Since this individual is also involved in other phases of transaction processing as a result of the small staff size at the District, the possibility exists that errors or fraud could occur and not be caught by the Districts' internal control.

**Response:**

The District administration agrees with the finding. The superintendent will now review and approve all proposed journal entries prior to their posting to the general ledger, and review the printed summary resulting from posting the approved entries. This review will occur at least once per month.

# MARKOWSKI & COMPANY

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To the Board of Education  
Vandercook Lake Public Schools  
Jackson, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information **Vandercook Lake Public Schools** for the year ended June 30, 2008, and have issued our report thereon dated November 7, 2008. Professional standards require that we provide you with the following information related to our audit.

### **Our Responsibility under U.S. Generally Accepted Auditing Standards**

As stated in our engagement letter dated October 13, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

### **Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on October 13, 2008.

### **Significant Auditing Findings**

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Vandercook Lake Public Schools are described in Note A to the basic financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2008. We noted no transactions entered into by Vandercook Lake Public Schools during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

**Significant Audit Findings (Continued)**

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements is: management's estimate of the salvage value of fixed assets, and their useful lives. We evaluated the key factors and assumptions used to develop these estimates and determined that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear. There were no sensitive disclosures in the financial statements.

**Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit. We were very pleased with the cooperation of the administrative staff. The staff, especially Diane Riedel, Mary Sharp and Dawn Bitner, was very helpful during our audit.

**Significant Audit Adjustments**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

**Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

**Management Representations**

We have requested certain representations from management that are included in the management representation letter dated November 7, 2008.



**Management Consultations with Other Independent Accountants**

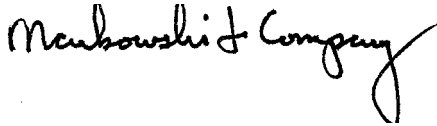
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

**Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Vandercook Lake Public Schools' auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Education and management of Vandercook Lake Public Schools and should not be used for any other purpose

Sincerely,

A handwritten signature in black ink that reads "Markowski & Company". The signature is written in a cursive, flowing style.

**MARKOWSKI & COMPANY CPAs**

November 7, 2008